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# **Committee on Business Regulation**

**Monday, December 5, 2005  
2:00 P.M. - 4:00 P.M.  
REED HALL**

# Committee Meeting Notice

## HOUSE OF REPRESENTATIVES

Speaker Allan G. Bense

### Business Regulation Committee

**Start Date and Time:** Monday, December 05, 2005 02:00 pm

**End Date and Time:** Monday, December 05, 2005 04:00 pm

**Location:** Reed Hall (102 HOB)

**Duration:** 2.00 hrs

#### Consideration of the following proposed committee bill(s):

PCB BR 05B-01 --

Subject of PCB BR 05B-01 is Slot Maching Gaming.

Consideration of the following bill: HB 29B, if received.

**NOTICE FINALIZED on 12/02/2005 14:27 by REFFITT.NIKKI**



## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 29B  
**SPONSOR(S):** Simmons  
**TIED BILLS:**

State Minimum Wage

**IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Business Regulation Committee</u>		Hogge <i>SAC</i>	Liepshutz <i>ML</i>
2) _____			
3) _____			
4) _____			
5) _____			

### SUMMARY ANALYSIS

On November 2, 2004, the voters approved Constitutional Amendment 5 (hereinafter referred to as "amendment"), creating a state minimum wage effective six months after the date enacted by the voters. This new state minimum wage took effect on May 2, 2005. The amendment sets the wage at \$6.15 per hour and provides for annual adjustments. The amendment prohibits retaliation against persons exercising rights under the amendment and provides an extensive set of remedies. Although, according to the terms of the amendment, "implementing legislation is not required to enforce this amendment," the amendment does authorize the Legislature to "adopt any measures appropriate for the implementation of this amendment."

This bill incorporates provisions from the amendment and supplements those with statutory provisions in creating a new act entitled the "Florida Minimum Wage Act." The bill accomplishes the following:

- In accordance with the opinion of the Florida Supreme Court in the ballot review case, the bill limits the state minimum wage to employees eligible to receive the federal minimum wage; it also incorporates by reference sections 213 and 214 of the federal Fair Labor Standards Act relating to the employment of workers with disabilities;
- It codifies the use of the U.S. Consumer Price Index for the South Region by the Agency for Workforce Innovation (AWI) as the applicable index for determining the annual adjustments to the state minimum wage;
- It provides direction to the agencies for providing notice of the adjusted state minimum wage;
- It requires employees to notify employers and give them 15 days to resolve any claims for unpaid minimum wages before filing suit;
- It limits damages to those specified in the amendment, includes a good faith limitation on the amount of liquidated damages, and imposes certain measures pertaining to class action suits; and
- The bill restricts the authority of the AWI, to that expressly provided for in the amendment and expressly authorized by the Legislature.

The fiscal impact of the bill on state and local government is minimal and results from the means of publication specified to carry out the publication requirement in the amendment. The AWI estimates the fiscal impact to be \$168,129 for FY 2006-07 for employer notification responsibilities. However, AWI would only be required to implement these responsibilities to the extent funded in the General Appropriations Act. Any fiscal impact resulting from the increase in the state minimum wage results from the amendment, not this bill.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h0029B.BR.doc  
**DATE:** 11/30/2005

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government--The additional government included in the bill is almost exclusively a function of the amendment the bill is supplementing. It actually limits the ability of the Agency for Workforce Innovation (AWI) to exercise any authority related to the state minimum wage beyond that expressly provided in the amendment.

#### B. EFFECT OF PROPOSED CHANGES:

##### Present Situation

On November 2, 2004, the voters approved Constitutional Amendment 5 (hereinafter referred to as "amendment"), creating a state minimum wage effective six months after the date enacted by the voters. This new state minimum wage took effect May 2, 2005. That provision is now codified at s. 24, art. X, State Constitution. The amendment sets the wage at \$6.15 per hour for "employees," as defined under the federal Fair Labor Standards Act (FLSA), with an annual adjustment based on the increase in the U.S. Consumer Price Index for urban wage earners. The amendment directs the AWI to publish the amount of the initial and adjusted state minimum wage.

The amendment prohibits retaliation against persons exercising rights under the amendment. The amendment provides for enforcement by creating a private cause of action with specific remedies, in addition to authorizing the attorney general or other designated official to bring a civil enforcement action. The amendment expressly authorizes class actions as a means to enforce the amendment.

Although, according to the terms of the amendment, "implementing legislation is not required to enforce this amendment," the amendment does authorize the Legislature and the AWI to "adopt any measures appropriate for the implementation of this amendment." The amendment states that interpretations and guidance developed under the FLSA be used in construing the amendment.

The federal minimum wage stands at \$5.15 per hour and is established in section 6 of the FLSA. The FLSA defines key terms such as "employer" and "employee," establishes standards for employers and employees, identifies prohibited acts, and specifies penalties and enforcement measures.

Section 16 of the FLSA punishes willful violations with fines and subjects those that violate the act with payment of unpaid wages and liquidated damages. An employer that retaliates against an employee is also subject to "such legal or equitable relief as may be appropriate." The U.S. Secretary of Labor may also sue for injunctive relief against employers. As amended by the Portal-to-Portal Act, 61 Stat. 84, the court may modify the amount of liquidated damages if an employer shows to the "satisfaction of the court" that the conduct giving rise to the civil action occurred in "good faith" and based on "reasonable grounds."

##### Effect of Proposed Changes

This bill incorporates provisions from the amendment and supplements those with statutory provisions in creating a new act entitled the "Florida Minimum Wage Act."

One, in accordance with the opinion of the Florida Supreme Court in the ballot review case, the bill provides that the state minimum wage only applies to employees eligible to receive the federal minimum

wage and provides that the minimum wage applies to hours worked in Florida. It also incorporates by reference sections 213 and 214 of the Fair Labor Standards Act, relating to the employment of workers with disabilities.

Two, it adopts the U.S. Consumer Price Index for the South Region as the applicable index for determining the annual adjustments to the state minimum wage. This is a codification of the index currently being used by the AWI for this purpose.

Three, it directs the AWI and the Department of Revenue to annually publish the adjusted state minimum wage on their respective internet homepage and requires the AWI to notify employers included in the unemployment compensation database of the adjusted state minimum wage to the extent funded in the General Appropriations Act.

Four, it requires employees to notify employers and give them 15 days to resolve any claims for unpaid wages before filing suit.

Five, it limits damages to those specified in the amendment, includes a good faith limitation on the amount of liquidated damages consistent with federal provisions, and imposes certain measures pertaining to class action suits.

Finally, the bill restricts the authority of the AWI to that expressly provided for in the amendment and expressly authorized by the Legislature.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 95.11, F.S., to include the statutes of limitation provided for in s. 24, Art. X, State Constitution.

Section 2. Creates s. 448.110, F.S., providing for the "Florida Minimum Wage Act."

Section 3. Designates ss. 448.01 – 448.110 as Part I of chapter 448, Florida Statutes, and entitled "Terms and Conditions of Employment."

Section 4. Provides a severability clause.

Section 5. Provides an effective date.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None

##### 2. Expenditures:

The fiscal impact of the bill on the state is minimal and results from the means of publication specified to carry out the publication requirement in the amendment. The AWI estimates the fiscal impact to be \$168,129 for FY 2006-07 and beyond for the required mailing to employers. However, AWI would only be required to implement these responsibilities to the extent funded in the General Appropriations Act. SEE II.D., FISCAL COMMENTS. Any additional fiscal impact on the state resulting from an increase in the minimum wage is a function of the amendment, not this bill.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:  
None

2. Expenditures:

Any fiscal impact on local government as employers results from the amendment, not the bill.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Any fiscal impact on employers results from the amendment, not the bill.

D. FISCAL COMMENTS:

The cost associated with the required mailing to employers assumes 449,258 employers multiplied by the cost of first class postage, printing, paper, and envelopes. The estimate for FY 2006-07 and beyond contemplates an increase in postage costs.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

A bill to be entitled

An act relating to the state minimum wage; amending s. 95.11, F.S.; providing periods of limitations on actions for violations of the Florida Minimum Wage Act; creating s. 448.110, F.S., the Florida Minimum Wage Act; providing legislative intent to implement s. 24, Art. X of the State Constitution in accordance with authority granted to the Legislature therein; requiring employers to pay certain employees a minimum wage for all hours worked in Florida; incorporating provisions of the federal Fair Labor Standards Act; requiring the minimum wage to be adjusted annually; providing a formula for calculating such adjustment; requiring the Agency for Workforce Innovation and the Department of Revenue to annually publish the amount of the adjusted minimum wage; providing criteria for posting; requiring the agency to provide written notice to certain employers; providing a deadline for the notice to be mailed; providing that employers are responsible for maintaining their current addresses with the agency; requiring the agency to provide the department with certain information; prohibiting discrimination or adverse action against persons exercising constitutional rights under s. 24, Art. X of the State Constitution; providing for civil action by aggrieved persons; requiring aggrieved persons bringing civil actions to provide written notice to their employers alleged to have violated the act; providing information that must be included in the notice; providing a deadline by which an employer



29        alleged to have violated the act must pay the unpaid wages  
30        in question or resolve the claim to the aggrieved person's  
31        satisfaction; providing that a statute of limitations is  
32        tolled for a specified period; providing that aggrieved  
33        persons who prevail in their actions may be entitled to  
34        liquidated damages and reasonable attorney's fees and  
35        costs; authorizing additional legal or equitable relief  
36        for aggrieved persons who prevail in such actions;  
37        providing that punitive damages may not be awarded;  
38        providing that actions brought under the act are subject  
39        to s. 768.79, F.S.; authorizing the Attorney General to  
40        bring a civil action and seek injunctive relief; providing  
41        a fine; providing statutes of limitations; authorizing  
42        class actions; declaring the act the exclusive remedy  
43        under state law for violations of s. 24, Art. X of the  
44        State Constitution; providing for implementation measures;  
45        designating ss. 448.01-448.110, F.S., as part I of ch.  
46        448, F.S.; providing a part title; providing for  
47        severability; providing an effective date.

48  
49        Be It Enacted by the Legislature of the State of Florida:

50  
51        Section 1. Paragraph (d) is added to subsection (2) and  
52        paragraph (q) is added to subsection (3) of section 95.11,  
53        Florida Statutes, to read:

54        95.11 Limitations other than for the recovery of real  
55        property.--Actions other than for recovery of real property  
56        shall be commenced as follows:

(2) WITHIN FIVE YEARS.--

(d) An action alleging a willful violation of s. 448.110.

(3) WITHIN FOUR YEARS.--

(g) An action alleging a violation, other than a willful violation, of s. 448.110.

Section 2. Section 448.110, Florida Statutes, is created to read:

448.110 State minimum wage; annual wage adjustment; enforcement.--

(1) This section may be cited as the "Florida Minimum Wage Act."

(2) The purpose of this section is to provide measures appropriate for the implementation of s. 24, Art. X of the State Constitution, in accordance with authority granted to the Legislature pursuant to s. 24(f), Art. X of the State Constitution.

(3) Effective May 2, 2005, employers shall pay employees a minimum wage at an hourly rate of \$6.15 for all hours worked in Florida. Only those individuals entitled to receive the federal minimum wage under the federal Fair Labor Standards Act and its implementing regulations shall be eligible to receive the state minimum wage pursuant to s. 24, Art. X of the State Constitution and this section. The provisions of ss. 213 and 214 of the federal Fair Labor Standards Act, as interpreted by applicable federal regulations and implemented by the Secretary of Labor, are incorporated herein.

(4) (a) Beginning September 30, 2005, and annually on September 30 thereafter, the Agency for Workforce Innovation

85 shall calculate an adjusted state minimum wage rate by  
86 increasing the state minimum wage by the rate of inflation for  
87 the 12 months prior to September 1. In calculating the adjusted  
88 state minimum wage, the agency shall use the Consumer Price  
89 Index for Urban Wage Earners and Clerical Workers, not  
90 seasonally adjusted, for the South Region or a successor index  
91 as calculated by the United States Department of Labor. Each  
92 adjusted state minimum wage rate shall take effect on the  
93 following January 1, with the initial adjusted minimum wage rate  
94 to take effect on January 1, 2006.

95 (b) The Agency for Workforce Innovation and the Department  
96 of Revenue shall annually publish the amount of the adjusted  
97 state minimum wage and the effective date. Publication shall  
98 occur by posting the adjusted state minimum wage rate and the  
99 effective date on the Internet home pages of the agency and the  
100 department by October 15 of each year. In addition, to the  
101 extent funded in the General Appropriations Act, the agency  
102 shall provide written notice of the adjusted rate and the  
103 effective date of the adjusted state minimum wage to all  
104 employers registered in the most current unemployment  
105 compensation database. Such notice shall be mailed by November  
106 15 of each year using the addresses included in the database.  
107 Employers are responsible for maintaining current address  
108 information in the unemployment compensation database. The  
109 agency shall not be responsible for failure to provide notice  
110 due to incorrect or incomplete address information in the  
111 database. The agency shall provide the Department of Revenue  
112 with the adjusted state minimum wage rate information and

113 effective date in a timely manner.

114 (5) It shall be unlawful for an employer or any other  
115 party to discriminate in any manner or take adverse action  
116 against any person in retaliation for exercising rights  
117 protected pursuant to s. 24, Art. X of the State Constitution.  
118 Rights protected include, but are not limited to, the right to  
119 file a complaint or inform any person of his or her potential  
120 rights pursuant to s. 24, Art. X of the State Constitution and  
121 to assist him or her in asserting such rights.

122 (6)(a) Any person aggrieved by a violation of this section  
123 may bring a civil action in a court of competent jurisdiction  
124 against an employer violating this section or a party violating  
125 subsection (5). However, prior to bringing any claim for unpaid  
126 minimum wages pursuant to this section, the person aggrieved  
127 shall notify the employer alleged to have violated this section,  
128 in writing, of an intent to initiate such an action. The notice  
129 must identify the minimum wage to which the person aggrieved  
130 claims entitlement, the actual or estimated work dates and hours  
131 for which payment is sought, and the total amount of alleged  
132 unpaid wages through the date of the notice.

133 (b) The employer shall have 15 calendar days after receipt  
134 of the notice to pay the total amount of unpaid wages or  
135 otherwise resolve the claim to the satisfaction of the person  
136 aggrieved. The statute of limitations for bringing an action  
137 pursuant to this section shall be tolled during this 15-day  
138 period. If the employer fails to pay the total amount of unpaid  
139 wages or otherwise resolve the claim to the satisfaction of the  
140 person aggrieved, then the person aggrieved may bring a claim

141 for unpaid minimum wages, the terms of which must be consistent  
142 with the contents of the notice.

143 (c)1. Upon prevailing in an action brought pursuant to  
144 this section, aggrieved persons shall recover the full amount of  
145 any unpaid back wages unlawfully withheld plus the same amount  
146 as liquidated damages and shall be awarded reasonable attorney's  
147 fees and costs. As provided under the federal Fair Labor  
148 Standards Act, pursuant to s. 11 of the Portal-to-Portal Act of  
149 1947, 29 U.S.C. s. 260, if the employer proves by a  
150 preponderance of the evidence that the act or omission giving  
151 rise to such action was in good faith and that the employer had  
152 reasonable grounds for believing that his or her act or omission  
153 was not a violation of s. 24, Art. X of the State Constitution,  
154 the court may, in its sound discretion, award no liquidated  
155 damages or award any amount thereof not to exceed an amount  
156 equal to the amount of unpaid minimum wages. The court shall not  
157 award any economic damages on a claim for unpaid minimum wages  
158 not expressly authorized in this section.

159 2. Upon prevailing in an action brought pursuant to this  
160 section, aggrieved persons shall also be entitled to such legal  
161 or equitable relief as may be appropriate to remedy the  
162 violation, including, without limitation, reinstatement in  
163 employment and injunctive relief. However, any entitlement to  
164 legal or equitable relief in an action brought under s. 24, Art.  
165 X of the State Constitution shall not include punitive damages.

166 (d) Any civil action brought under s. 24, Art. X of the  
167 State Constitution and this section shall be subject to s.  
168 768.79.

(7) The Attorney General may bring a civil action to enforce this section. The Attorney General may seek injunctive relief. In addition to injunctive relief, or in lieu thereof, for any employer or other person found to have willfully violated this section, the Attorney General may seek to impose a fine of \$1,000 per violation, payable to the state.

(8) The statute of limitations for an action brought pursuant to this section shall be for the period of time specified in s. 95.11 beginning on the date the alleged violation occurred.

(9) Actions brought pursuant to this section may be brought as a class action pursuant to Rule 1.220, Florida Rules of Civil Procedure. In any class action brought pursuant to this section, the plaintiffs shall prove, by a preponderance of the evidence, the individual identity of each class member and the individual damages of each class member.

(10) This section shall constitute the exclusive remedy under state law for violations of s. 24, Art. X of the State Constitution.

(11) Except for calculating the adjusted state minimum wage and publishing the initial state minimum wage and any annual adjustments thereto, the authority of the Agency for Workforce Innovation in implementing s. 24, Art. X of the State Constitution, pursuant to this section, shall be limited to that authority expressly granted by the Legislature.

Section 3. Sections 448.01-448.110, Florida Statutes, are designated as part I of chapter 448, Florida Statutes, and entitled "Terms and Conditions of Employment."

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197        Section 4. If any provision of this act or the application  
198 thereof to any person or circumstance is held invalid, the  
199 invalidity shall not affect the other provisions or applications  
200 of the act which can be given effect without the invalid  
201 provision or application, and to this end the provisions of this  
202 act are declared severable.

203        Section 5. This act shall take effect upon becoming a law.







## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** PCB BR 05B-01

**SPONSOR(S):** Business Regulation Committee

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Business Regulation Committee		Morris 	Liepshutz 
1)			
2)			
3)			
4)			
5)			

### SUMMARY ANALYSIS

This bill implements Article X, Section 23 of the State Constitution which authorized, contingent upon voter approval in a local referendum, the operation of slot machines at certain existing pari-mutuel facilities in Broward and Miami-Dade Counties.

The bill authorizes Class III Las Vegas-style slot machines, limits the number of machines that may be operated at a facility to no more than 1,000 per facility, and imposes a flat tax of 55% on slot machine revenue. Slot machine gaming may be conducted up to 16 hours per day year-round. The payout rate is required to be no less than 85 percent per facility per day and players must be at least 21 years of age.

The bill establishes the regulatory framework for all entities involved in the operation of slot machine gaming and regulatory responsibility is placed in the Division of Pari-mutuel Wagering in the Department of Business and Professional Regulation and all regulation of slot machine gaming is preempted to the state. The bill provides for a significant law enforcement presence through the Florida Department of Law Enforcement and local law enforcement agencies.

The bill provides for thoroughbred purses, breeders', stallion and special racing awards.

A Bill Impact Conference is scheduled for December 2, 2005, to assess the fiscal impact of this legislation.

The bill takes effect upon becoming a law.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government; ensure lower taxes; safeguard individual liberty; promote personal responsibility; empower families; maintain public security:**

The bill implements Article X, Section 23 of the Florida Constitution, which authorizes slot machines within certain pari-mutuel facilities located in Broward and Miami-Dade Counties, contingent upon approval by local referendum.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

##### Article X, Section 23 - Slot Machines

Amendment 4 to the State Constitution was approved by the voters at the November 2004 General Election. Passage of Amendment 4 authorized the governing bodies of Broward and Miami-Dade Counties to hold a county-wide referendum in their respective counties on whether to authorize slot machines within existing, licensed pari-mutuel facilities that have conducted live racing or games in that county during each of the last two calendar years before the effective date of the Constitutional Amendment [2002 and 2003].

Article X, Section 23, Florida Constitution reads as follows:

##### SECTION 23. Slot machines.--

(a) After voter approval of this constitutional amendment, the governing bodies of Miami-Dade and Broward Counties each may hold a county-wide referendum in their respective counties on whether to authorize slot machines within existing, licensed parimutuel facilities (thoroughbred and harness racing, greyhound racing, and jai-alai) that have conducted live racing or games in that county during each of the last two calendar years before the effective date of this amendment. If the voters of such county approve the referendum question by majority vote, slot machines shall be authorized in such parimutuel facilities. If the voters of such county by majority vote disapprove the referendum question, slot machines shall not be so authorized, and the question shall not be presented in another referendum in that county for at least two years.

(b) In the next regular Legislative session occurring after voter approval of this constitutional amendment, the Legislature shall adopt legislation implementing this section and having an effective date no later than July 1 of the year following voter approval of this amendment. Such legislation shall authorize agency rules for implementation, and may include provisions for the licensure and regulation of slot machines. The Legislature may tax slot machine revenues, and any such taxes must supplement public education funding statewide.

(c) If any part of this section is held invalid for any reason, the remaining portion or portions shall be severed from the invalid portion and given the fullest possible force and effect.

(d) This amendment shall become effective when approved by vote of the electors of the state.

Both Broward and Miami-Dade Counties held local referendums on whether to authorize slot machines in their respective counties on March 8, 2005. Voters in Broward County approved the measure while voters in Miami-Dade County voted against authorizing slot machines at pari-mutuel facilities in that county. Voters in Miami-Dade County may vote on this issue two years following this initial vote.

There are four pari-mutuel facilities in Broward County: Dania/Summersport Jai Alai, Gulfstream Thoroughbred Park, Hollywood Greyhound Track and Pompano Park Harness that appear to qualify for the addition of slot machines gaming at their facility.

### **Effect of Proposed Changes**

This bill creates a new chapter 551, Florida Statutes, entitled Slot Machines. The Division of Pari-mutuel Wagering [Division] in the Department of Business and Professional Regulation is tasked with the regulatory oversight of slot machine gaming at qualifying pari-mutuel facilities.

The Division is required to implement rules relating to licensing, regulation, tax collection, auditing, investigations, and administrative enforcement of chapter 551. The division, the Department of Law Enforcement [FDLE], and local law enforcement agencies are granted unrestricted access to the slot machine facility at all times and shall require strict compliance with all laws of the state by the licensee. The bill requires the slot machine licensee to provide adequate office space to the division and the FDLE at the slot machine facility for oversight of slot machine operations. The office space must be provided at no cost, and the division is authorized to adopt rules establishing the required configuration, location, and needed electronic and technological requirements.

A slot machine license may only be issued to a licensed pari-mutuel permitholder in a county that has voted to allow slot machine gaming pursuant to Art. X, Section 23 of the State Constitution. Slot machine gaming may only be conducted at the same facility authorized for pari-mutuel wagering, and the slot machine gaming areas must be connected to and contiguous with the operation of the live gaming facility. A slot machine license is not transferable and must be renewed annually.

Existing s. 849.16, F.S., provides that any machine or device is a slot machines or unlawful device under chapter 849 if it is one that is adapted for use in such a way that the machine operates as a result of the insertion of any piece of money, coin, or other object and the user, by reason of any element of chance, may receive or become entitled to receive money, or credit, tokens, etc. which may be exchanged for money or other thing of value, or secure additional chances to use the machine. This bill creates a new definition for slot machines, as follows:

"Slot machine" means any mechanical or electrical contrivance, terminal, machine, or other device that, upon insertion of a coin, bill, ticket, token, or similar object or upon payment of any consideration whatsoever, including the use of any electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance or both, may deliver or entitle the person or persons playing or operating the contrivance, terminal, machine, or other device to receive cash, billets, tickets, tokens, or electronic credits to be exchanged for cash or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or manually. The term includes associated equipment necessary to conduct the operation of the contrivance, terminal, machine, or other device. Slot machines may use spinning reels, video displays, or both. A slot machine is not a "coin-operated amusement machine" as defined in s. 212.02(24), or an amusement game or machine as described in s. 849.161, and slot machines are not subject to the tax imposed by s. 212.05(1)(h).

Notwithstanding this definition, the bill places a restriction on the type of slot machines that may be used by specifying that the machines may accept only "tickets or paper currency or an electronic payment system" and that coins, credit or debit cards, tokens, or similar objects are prohibited. Payouts to the player must be made in the form of tickets that may be exchanged for cash, merchandise, or other items of value. This provision does not preclude the use of electronic credit systems, e.g. player cards, etc., for making wagers and issuing payouts. The bill also prohibits progressive games whereby slot machines in one or more facilities are linked and offer higher payouts.

Slot machine licensees are prohibited from making loans, providing credit, or cashing personal, third-party, corporate, business, or government-issued checks and ATMs are not allowed in the facility.

Similar to Department of Lottery operations<sup>1</sup>, any slot machine prize of \$600 or more must be checked against a registry of persons owing delinquent child or spousal support before being paid. If the person claiming the prize is found to owe delinquent child or spousal support the delinquency must be deducted from the prize and any remaining funds may then be disbursed to the person claiming the prize.

The bill limits the number of machines that may be operated at a facility to no more than 1,000 per facility, and the payout rate is required to be no less than 85 percent per facility per day. Slot machine gaming may be conducted up to 16 hours per day, 365 days a year.

The bill imposes a tax of 55% on slot machine revenue which is defined to be "the total of all cash and property received by the slot machine licensee from slot machine gaming operations less the amount of cash, cash equivalents, credits, and prizes paid to winners of slot machine gaming." The tax is required to be paid by the 5<sup>th</sup> day of each month. The division may require that all taxes, fees, or other assessments be paid by electronic funds transfer.

Each slot machine licensee is required to post a \$2 million performance bond for the licensee's first year of operation. Thereafter, the bond may be reviewed for adequacy by the division but in no case can it be reduced below \$2 million.

The annual slot machine license fee is \$3 million which is deposited into the Pari-mutuel Wagering Trust Fund to cover the cost of regulation. The division is required, prior to January 1, 2007, to evaluate the adequacy of the license fee and make a recommendation to the Legislature regarding the optimum level of license fees to properly support regulation.

The bill requires that the facilities-based computer system that the slot machine licensee uses for operational and accounting functions be specifically structured to facilitate regulatory oversight and that the Division and FDLE have complete and continuous access to system. To ensure compliance with this chapter, the system must be designed to allow the Division and the FDLE to monitor at any time and on a real-time basis, the wagering patterns, payouts, tax collection and other operations of the slot machine licensee. The division and FDLE will have the ability to immediately suspend play on a particular slot machine or the entire operation if there is a reasonable suspicion of tampering or other manipulation. The division is granted rule-making authority for the review and approval of the facilities-based computer system to ensure access, security and functionality.

Slot machine licensees are required to maintain permanent daily records of all financial transactions for a period of not less than five years and those records must be available for audit and inspection by the division, the FDLE and other law enforcement agencies during regular business hours. Licensees are required to file monthly reports and must submit an audit of the receipt and distribution of slot machine revenues performed by an independent CPA within 60 days after completion of the permitholder's pari-mutuel meet.

The bill authorizes the sharing of information among the division, the FDLE, law enforcement agencies having jurisdiction over slot machine gaming or pari-mutuel activities, and any other state or federal law enforcement agency the division or the FDLE deems appropriate.

#### Qualification of Slot Machine Licensees

The bill establishes as a condition of licensure that the slot machine licensee must continue to be in compliance with chapter 551 as created in this legislation and chapter 550 relating to their pari-mutuel wagering activities, and maintain the pari-mutuel permit and license in good standing.

Chapter 550, F.S., the Florida Pari-mutuel Wagering Act, provides for the regulation of pari-mutuel wagering activities by the Division of Pari-mutuel Wagering in the Department of Business and Professional Regulation. Applicants for a permit to conduct pari-mutuel wagering must undergo background investigations and are disqualified if the Division determines the applicant has been convicted of certain offenses. For these purposes the applicant includes: the permitholder, an employee of the permitholder, a sole proprietor, corporate officer or director, general partner, trustee, member of an unincorporated association permitholder, a joint venturer, the owner of more than 5 percent equity interest, and certain others who are able to control the business of the permitholder.

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<sup>1</sup> See s. 24.115(4), F.S.

Section 550.1815, F.S., outlines disqualifying offenses, including: a felony in this state; a felony in any other state which would be a felony if committed in this state; a federal felony; a felony under the laws of another state if related to gambling which would be a felony under Florida law; and bookmaking. Slot machine licensees, by virtue of holding a pari-mutuel permit, may not have been convicted of any disqualifying offense.

The bill requires the licensee to be responsible for maintaining and providing current and accurate information of any changes relating to qualifications for the license. Direct or cumulative changes in ownership or interest of a slot machine gaming license of 5 percent or more must be approved by the division. All changes in ownership or interest of less than 5 percent must be reported to the division within 20 days. An exception is created for reporting ownership of 5 percent or less of a publicly traded corporate owner of a slot machine license.

### Occupational Licenses

The bill establishes three types of occupational licenses: general, professional, and business.

"General" occupational licenses include food service, maintenance and similar service and support personnel having access to the slot machine gaming area. The annual license fee for general occupational licenses may not exceed \$50 and must be paid for by the slot machine licensee.

"Professional" occupational licenses include any person who is authorized to manage, oversee, or otherwise control daily operations of a slot machine facility. The annual license fee for a professional occupational license may not exceed \$50.

"Business" occupational licenses include management companies, manufacturers and distributors of slot machines and associated equipment, businesses that sell or provide goods or services associated with slot machine gaming, and any person not an employee of the slot machine licensee that provides maintenance, repair, or upgrades or otherwise services a slot machine or other slot machine equipment. The annual license fee for a business occupational license may not exceed \$1,000.

The Division may deny, suspend, revoke or refuse to renew any occupational license if the licensee has:

- Violated ch. 551 or rules of the Division;
- Been convicted of a felony or misdemeanor related to gambling or bookmaking;
- Been convicted of certain criminal offenses including a capital felony, any felony in this state or another state, an offense that would be a felony under Florida law involving arson, drug trafficking, racketeering, etc.;
- Been convicted of a crime involving a lack of good moral character; or
- Had a gaming license revoked by this state or another state for any gaming-related offense.

For these purposes the term "conviction" includes a finding of guilt, with or without adjudication of guilt, as a result of a jury verdict, nonjury trial, or an entry of a plea of guilty or nolo contendere.

Slot machine occupational licenses may be issued for a three-year period and are not transferable. Each slot machine occupational licensee is required to wear an identification card on their person while in slot machine gaming areas.

The division may deny, revoke, suspend or place conditions on a license if the person or entity has been refused a license or whose license is under suspension or has unpaid fines in another state or jurisdiction.

### Fingerprint Requirements

As part of the licensing process individuals and entities applying for an occupational license are required to submit fingerprints for a criminal history records check. Fingerprints are submitted to the FDLE for state processing and to the FBI for national processing.

All fingerprints submitted to the FDLE must be retained by the FDLE and entered into the statewide automated fingerprint identification system [AFIS]. The FDLE is required to check all arrest fingerprints against those retained in AFIS, and any arrest of an occupational licensee will be reported to the division for disciplinary purposes. Each slot machine licensee is required to pay a fee, as established by rule, to cover the cost of fingerprint retention and the ongoing searches.

Since the ongoing searches conducted by the FDLE do not include the FBI database, fingerprints are resubmitted to the FBI every three years after initial licensure and fingerprinting for an updated FBI criminal records check.

The cost of processing fingerprints and conducting the criminal history records check for a general occupational license is required to be borne by the slot machine licensee. The cost of processing fingerprints and conducting the criminal history records check for professional and business occupational licenses is required to be borne by the person being checked.

#### Facility Security

As a condition of licensure a slot machine licensee is required to implement at least the minimum security requirements as determined by division rule, and any changes to the security plan must be approved by the division. The security plan must include a floor plan, the locations of security cameras and other security equipment that is capable of observing and electronically recording activities in the licensed slot machine facility. The security plan must remain in operation at all times. Security plans of this nature are exempt from public records disclosure pursuant to s. 119.071(4), F.S.

The FDLE and local enforcement agencies have concurrent jurisdiction to conduct investigations of any criminal activity occurring at the slot machine facility and may conduct such investigations in conjunction with the appropriate state attorney. The slot machine facility is required to provide law enforcement with access to the facility and any information and records contained within the facility that are necessary to conduct their investigations.

Slot machine licensees have a common law right to bar any person from the slot machine facility. The bill allows the division to exclude certain persons from a slot machine facility for conduct that would constitute, if the person were a licensee, a violation of chapter 551 or rules of the division.

#### Integrity of Games

The slot machine licensee must ensure complete and continuous access to the facilities-based computer system that the licensee uses for operational and accounting functions. To ensure compliance with this chapter, the system must be designed to allow the Division and the FDLE to monitor at any time and on a real-time basis, the wagering patterns, payouts, tax collection and other operations of the slot machine licensee. The division and FDLE will have the ability to immediately suspend play on a particular slot machine or the entire operation if there is a reasonable suspicion of tampering or other manipulation. The division is granted rule-making authority for the review and approval of the facilities-based computer system to ensure access, security and functionality.

The slot machine licensee must ensure that each slot machine is protected against manipulation or tampering. The Division and the FDLE have unrestricted access to and right of inspection to any area of the facility where activities related to slot machine gaming are conducted.

#### Prohibited Relationships and Activities

The bill implements numerous restrictions on relationships and activities of licensees, division personnel, and law enforcement officers.

Manufacturers and distributors of slot machines are prohibited from entering into any contract with a slot machine licensee that provides for any revenue sharing of any kind that is calculated on the basis of a percentage of slot machine revenues. Further, manufacturers, distributors and their employees are prohibited from having any ownership or financial interest in a slot machine license or a business owned by the slot machine licensee.

Division personnel are prohibited from being an officer, director, owner, or employee of any person or entity licensed by the division and are also prohibited from having or holding any interest, direct or indirect, or engaging in any business with any person licensed by the division. Likewise, division personnel and any family member living in the same household are prohibited from playing slot machines at a facility licensed by the division.

Similarly, an occupational licensee or relative living in the same household of the occupational licensee may not wager at any time on a slot machine located at a facility where that person is employed.

No employee of a law enforcement or regulatory agency may be employed by a slot machine licensee or any entity conducting business with the licensee within the designated slot machine gaming area or in any other restricted area that supports slot machine operations. An exception is created for employment that does not involve access to these restricted areas.

### Age Restrictions

Section 550.0425, F.S., allows minor children [a person who has not attained the age of 18] to attend pari-mutuel events accompanied by a parent or guardian under conditions and at times determined by each pari-mutuel permitholder. That statute also allows minors to be employed in a pari-mutuel facility except in positions directly involving wagering or alcoholic beverages. This bill prohibits a person under the age of 21 from playing a slot machine, being employed in, or allowed in the slot machine gaming area of a licensed facility. The bill also requires slot machine licensees to post signs within the designated slot machine gaming area advising of this prohibition.

### Days and Hours of Operation for Slot Machine Gaming and Pari-mutuel Wagering

This bill allows slot machine gaming to be conducted sixteen hours per day year-round.

This bill specifies that in order to conduct slot machine gaming a licensee must "conduct no fewer than a full schedule of live races or games as defined in s. 550.002(11)."

A "full schedule" is a term coined for the purpose of a pari-mutuel facility conducting intertrack wagering<sup>2</sup> and usually constitutes a lesser number of live races or games than might be conducted under a permitholder's annual license. For purposes of conducting intertrack wagering, a "full schedule" constitutes 40 live regular performances for a thoroughbred permit; 100 live regular performances for a harness track; and 100 live evening or matinee performances for a greyhound permit. For jai alai permitholders 100 live evening or matinee performances constitutes a full schedule; however, that number was increased during the 2005 Regular Session to 150 performances for any jai alai permitholder with slot machines and reduced to 40 performances for specified jai alai permitholders whose handle was less than \$4 million during a specified two-year period of time.

This bill allows pari-mutuel permitholders to amend their 2006-2007 pari-mutuel wagering licenses within 60 days of the effective date of this legislation to reflect a different number of operating dates than had previously been requested and granted. The bill also contains an "Act of God" provision which specifies that the number of required live races or games may be reduced by the number of live races or games which could not be conducted as a direct result of fire, war, hurricanes, or other disaster or event beyond the permitholder's control.

The bill does not impact days or hours of operation for cardrooms.<sup>3</sup>

The bill requires slot machine licensees to provide equipment in the slot machine gaming area sufficient to allow the observation of and wagering on live, intertrack and simulcast pari-mutuel races and games.

### Alcoholic Beverage Sales

Section 565.02(5), F.S., provides for a special alcoholic beverage license for caterers at pari-mutuel facilities enabling the caterer to sell alcoholic beverages without obtaining the more expensive quota liquor license required by s. 565.02(1), F.S. This bill authorizes the issuance of a caterer's license allowing the sale and service of alcoholic beverages on days the facility is open to the public for slot machine gaming. The bill prohibits

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<sup>2</sup> s. 550.002(17) defines intertrack wagering to mean "a particular form of pari-mutuel wagering in which wagers are accepted at a permitted, in-state track, fronton, or pari-mutuel facility on a race or game transmitted from and performed live at, or simulcast signal rebroadcast from, another in-state pari-mutuel facility."

<sup>3</sup> Section 849.086, F.S., establishes the criteria for operating cardrooms at licensed pari-mutuel facilities. Cardrooms may only be operated at the location where the permitholder conducts pari-mutuel wagering and may only operate between the hours of 12 Noon and 12 Midnight on days the facility is authorized to accept wagers on live pari-mutuel events during its regular authorized meet. Three of the four pari-mutuel facilities in Broward County currently operate cardrooms.

complimentary or reduced price alcohol from being served to a person playing a slot machine. All alcohol served to a person playing a slot machine must cost at least the same amount as alcoholic beverages served to the general public at a bar in another part of the facility.

#### Purchasing and Employment Opportunities

As a condition of licensure, the bill requires slot machine licensees to maintain a written policy for nondiscriminatory employment and for creating opportunities for the employment of Florida residents and for making purchases from Florida vendors and minorities.

#### Compulsive Gambling

The bill requires slot machine licensees to implement responsible gaming programs and practices and to train their employees on responsible gaming. Slot machine licensees are required to post signs warning patrons of gambling risks, odds of winning, and informing patrons of a telephone helpline available to provide information and referral services.

The bill requires the division to contract for provision of services related to the prevention of compulsive and addictive gambling. This contract must also include an advertising program to encourage responsible gaming practices and publicize the gambling helpline. In addition to the public advertisements, the advertisements must be made within the slot machine gaming areas. The contract for services must include accountability standards that must be met by the private provider. Failure to meet the accountability standards or other material terms of the contract constitutes a breach of contract and grounds for nonrenewal. The division is authorized to consult with the Department of the Lottery in the development and procurement of the program. The program is funded from a \$250,000 fee designated for this purpose and collected annually from each slot machine licensee.

#### Manufacture, Sale, Possession of Coin-Operated Devices

Section 849.15, F.S., prohibits the manufacture, possession, sale, and transportation of slot machines in Florida. Similarly, federal law [15 U.S.C. ss. 1171-1177 also known as the Johnson Act] prohibits such possession or transportation into a state in violation of that states' law. This bill specifically provides that all shipments of gaming devices, including slot machines or parts thereof, to an eligible facility in any county where slot machine gaming is authorized, are deemed to be legal and exempt from other state and federal prohibitions.

#### Enforcement and Penalties

A law enforcement officer or a slot machine operator who has probable cause to believe that certain types of theft have occurred at a slot machine facility is authorized to take a person into custody and detain the person in a reasonable manner and for a reasonable time. If the slot machine operator detains a person suspected of such theft the slot machine operator is required to call a law enforcement officer to the scene immediately. This bill allows a law enforcement officer to arrest a person, either on or off the premises and without warrant, upon probable cause.

Any person who resists the efforts of a law enforcement officer or slot machine operator to recover stolen slot machine proceeds and who is subsequently found guilty commits a misdemeanor of the first degree unless the person did not have reason to know that the person seeking to recover the lost proceeds was a law enforcement officer or slot machine operator.

The bill allows the division to exclude certain persons from a slot machine facility for conduct that would constitute, if the person were a licensee, a violation of chapter 551 or rules of the division.

In addition, the bill provides for imposition of the following penalties:

- Revocation or suspension of a slot machine license for the *willful* failure to pay an administrative penalty, pay a required tax, or violation of chapter 551 or rule adopted pursuant thereto;
- Imposition of a \$100,000 administrative penalty in lieu of suspension or revocation of a slot machine license for those specified willful violations;



- 3<sup>rd</sup> degree felony for theft of slot machine proceeds or property by an employee of the slot machine operator or facility, or by an employee of a person or entity contracted to provide services to the operator or facility;
- 3<sup>rd</sup> degree felony for physical tampering with a slot machine and other fraudulent offenses; and
- \$10,000 per day administrative penalty for failure to pay tax, knowingly making or causing another to make a false statement in certain documents or unlawful possession of a slot machine.

In addition to the above specified penalties, the bill adds violations of s. 551.109, F.S., as chargeable offenses under the state's Racketeer Influenced and Corrupt Organization [RICO] Act. Section 551.109, F.S., enumerates prohibited acts such as making false statements in required reports, unlawful possession of a slot machine, skimming of slot machine proceeds, and cheating, and establishes administrative, civil and criminal penalties for those violations.

### Fiscal

The bill imposes a 55 percent flat tax on slot machine revenue and requires that the taxes are remitted monthly. These tax revenues are deposited into the Pari-mutuel Wagering Trust Fund for immediate transfer to the Educational Enhancement Trust Fund. The bill specifies that these revenues may not be used for recurring expenditures.

Slot machine licensees are required to post a \$2 million bond for the licensee's first year of operation. Annually thereafter the bond may be adjusted upward based on an evaluation by the division of the bond's sufficiency to cover the anticipated state revenues due from the licensee's slot machine operations. The bill specifies, however, that the bond may not be reduced below \$2 million.

Upon initial licensure and annually thereafter, slot machine licensees are required to pay a nonrefundable \$3 million license fee. Prior to January 1, 2007, the division is required to evaluate this fee and make recommendations to the Legislature on the optimum fee necessary to support the regulation of slot machine gaming.

Persons and businesses associated with slot machine gaming are required to obtain an occupational license from the division. These occupational license fees may not exceed \$50 for a general or professional occupational license or \$1,000 for a business occupational license.

All license fees, administrative penalties and other assessment are deposited into the Pari-mutuel Wagering Trust Fund.

The bill funds a compulsive gambling prevention program from revenues received from an annual \$250,000 fee paid by each slot machine facility.

The slot machine definition specifies that these slot machines are not coin-operated amusement machines as defined in s. 212.02(4), F.S. or described in s. 849.161, F.S., and are not subject to the 4 percent sales tax imposed by s. 212.05(1)(h).

The bill appropriates [to be determined] FTE's and \$ [to be determined] in recurring funds and \$ [to be determined] in nonrecurring funds for the division's regulatory responsibilities created by this legislation. In addition, the bill appropriates [to be determined] FTE's and \$ [to be determined] in recurring funds and \$ [to be determined] in nonrecurring funds to FDLE for investigations, intelligence gathering, and other responsibilities created by this legislation. The total initial appropriation is \$ [to be determined] of which \$ [to be determined] is recurring revenue.

To comply with the constitutional requirement that all tax revenue collected from slot machine operations be used to supplement public education funding statewide, this bill exempts slot machine tax revenue from the 7 percent service charge to General Revenue imposed by Section 215.20, F.S.

A bill impact conference has been scheduled for December 2, 2005, to assess the fiscal impact of this legislation on state revenue collections.

## Preemption

The bill provides that the state has exclusive authority over the conduct of all wagering occurring at a licensed slot machine facility in the state.

## Thoroughbred Purses and Breeders Awards

As a condition of licensure a slot machine licensee applicant must have on file with the division a binding written agreement for payment of purses, and a binding written agreement for payment of breeders', stallion, and special racing awards on live thoroughbred races. The agreement may direct the payment of such purses and awards from revenues generated by any wagering or gaming the applicant is authorized to conduct. If an agreement cannot be reached prior to issuance of a slot machine license, or 120 days prior to the scheduled expiration of a slot machine license, either party may request arbitration. If an agreement is not in place within 60 days of the request for arbitration, the matter is immediately submitted to mandatory binding arbitration. No later than 90 days thereafter [or 30 days in the case of a license renewal] the arbitration panel must present a proposed agreement that a majority of the panel believes equitably balances the rights, interests, obligations, and reasonable expectations of the parties. The agreement will be effective until the parties enter into a new agreement or until the last day of the license or renewal period when the process begins anew.

## C. SECTION DIRECTORY:

**Section 1.** The bill creates a new Chapter 551, Florida Statutes, consisting of sections 551.101, 551.102, 551.103, 551.104, 551.105, 551.106, 551.107, 551.108, 551.109, 551.111, 551.112, 551.113, 551.114, 551.116, 551.117, 551.118, 551.119, 551.121, and 551.122.

Section 551.101, F.S., authorizes slot machine gaming at licensed pari-mutuel facilities in Broward or Miami-Dade Counties existing at the time of adoption of the constitutional amendment if the facility conducted live racing or games during both 2002 and 2003 calendar years and if voters in a countrywide referendum have authorized slot machine gaming in that county.

Section 551.102, F.S., consists of subsections (1) – (12) and provides definitions for: distributor; designated slot machine gaming area; division; eligible facility; manufacturer; progressive system; slot machine; slot machine facility; slot machine license; slot machine licensee; slot machine operator; and, slot machine revenues.

Section 551.103, F.S., consists of subsections (1) – (6) and provides the powers and duties of the division and law enforcement. This section requires the division to adopt rules necessary to implement, administer, and regulate slot machine gaming and those rules must include:

- Procedures for applying for licenses;
- Technical requirements and qualifications for licensees;
- Procedures for verifying, accounting, auditing and collection of tax revenue and fees;
- Procedures for regulating, managing and auditing the operation, financial data, and program information of a licensee, including the facilities-based computer system;
- The ability for the division and FDLE to monitor on a real-time basis the wagering patterns, payouts, tax collection and compliance, including the ability to suspend play immediately on a particular slot machine or the entire system;
- Procedures for provision of a \$2 million performance bond;
- Procedures for maintenance and submission of specified records, including financial and income records;
- A requirement that the payout percentage of slot machines be no less than 85 percent per facility per day;
- Standards for facility security.

This section also:

- Requires the division to conduct investigations;
- Specifies that the FDLE and local law enforcement have concurrent jurisdiction to investigate criminal violations;
- Provides the division, FDLE, and local law enforcement unrestricted access to the slot machine facility and requires strict compliance with the laws by the licensee;
- Authorizes the division to revoke or suspend licenses; and

- Clarifies that the section does not prohibit certain investigations of criminal activities or restrict access to the slot machine facility or to certain information and records.

Section 551.104, F.S., consists of subsections (1) - (9) and provides licensing standards and qualifications for slot machine gaming licensees. As a condition of licensure and to maintain the license in good standing, a slot machine licensee must:

- Maintain compliance with chapter 550 and 551;
- Conduct no fewer than a full-schedule of live races or games;
- Provide current information on changes in ownership;
- Allow unrestricted access and right of inspection to the division and FDLE;
- Ensure that the facilities-based computer system is designed to facilities regulatory oversight;
- Ensure that each slot machine is protected from manipulation or tampering;
- Submit and maintain a security plan;
- Create written policies for purchase and employment;
- Ensure the slot machine payout percentage is not less than 85 percent per facility per day.

In addition, this section provides that:

- Slot machine licenses are not transferable;
- Permanent daily records of slot machine operations be maintained for not less than a five years;
- Monthly reports of slot machine operations must be submitted to the division;
- An annual audit of the receipt and distribution of all slot machine revenue by an independent CPA be provided to the division;
- The division may share information with law enforcement agencies;
- Delinquent child or spousal support must be withheld from slot machine winnings of \$600 or more; and
- No slot machine license or renewal thereof may be issued until the slot machine applicant has a binding written agreement governing the payment of purses and owners', breeders', stallion and special racing awards on live thoroughbred races on file with the division. The agreement requires binding arbitration in certain circumstances.

Section 551.105, F.S., consists of subsections (1) – (3) and provides that slot machine licenses are effective for one year and are renewed annually.

Section 551.106, F.S., consists of subsections (1) – (5) and provides for license fees, tax rate, payment procedures and penalties. This section:

- Establishes a \$3 million annual nonrefundable slot machine license fee to cover the cost of investigations, regulation, and enforcement;
- Imposes a 55 percent flat tax on slot machine revenue. This tax revenue is deposited into the Pari-mutuel Wagering Trust Fund for immediate transfer to the Educational Enhancement Trust Fund in the Department of Education;
- Specifies that slot machine tax revenue may not be used for recurring appropriations;
- Requires slot machine tax taxes to be paid monthly and subjects the slot machine licensee to a \$10,000 administrative penalty for each day the tax payment is delinquent..

Section 551.107, F.S., consists of subsections (1) – (8) and provides the standards, qualifications and fees for three types of occupational licenses: general, professional, and business.

- The fee for general and professional occupational licenses may be no more than \$50 annually and the fee for a business occupational license may be no more than \$1,000 annually.
- Disqualifying offenses include violations of chapter 550 or rules enacted pursuant thereto, a previous license revocation in this state or other jurisdiction for any gaming-related offense, and specified crimes. The term conviction includes adjudication withheld and nolo contendere.
- The bill requires ongoing criminal records checks by the FDLE and every three years by the FBI.
- The cost of the initial fingerprint processing and criminal history check for a general occupational license shall be borne by the slot machine licensee and the cost for professional and business occupational licensees shall be borne by the occupational licensee. Each slot machine facility must also pay a fee to the division to cover the cost of fingerprint retention and the ongoing searches.

Section 551.108, F.S., consists of subsections (1) – (6) and outlines prohibited relationships and activities for division personnel and occupational licensees.

- Division personnel may not be employed by or have any business relationship with anyone licensed by the division.
- Manufacturers and distributors are prohibited from entering into revenue sharing arrangements or having an ownership or financial interest in a slot machine licensee.
- Law enforcement officers are prohibited from moonlighting in any restricted area of a slot machine facility if that officer is an employee of a law enforcement or regulatory agency exercising jurisdiction over the slot machine facility.
- Occupational licensees, division personnel, and any relative of an occupational licensee or division personnel living in the same household, are prohibited from playing slot machines at the facility where that person is employed.

Section 551.109, F.S., consists of subsections (1) – (7) and outlines prohibited acts and penalties. This section provides for imposition of the following penalties:

- 3<sup>rd</sup> degree felony for theft of slot machine proceeds or property by an employee of the slot machine operator or facility, or by an employee of a person or entity contracted to provide services to the operator or facility; for physical tampering with a slot machine; and other fraudulent offenses;
- \$10,000 per day administrative penalty for intentionally making or causing another to make a false statement in certain documents or unlawful possession of a slot machine.

Section 551.111, F.S., provides that slot machines manufactured, sold, distributed, possessed or operated according to chapter 551 are legal.

Section 551.112, F.S., authorizes the division to exclude certain persons from the facility of a slot machine licensee:

- For conduct that would constitute, if the person were a licensee, a violation of this chapter;
- Any person that has been ejected from a slot machine facility in this state; or
- Any person who has been excluded from a gaming facility in another state by the regulatory agency exercising regulatory jurisdiction in that state.

A slot machine licensee maintains the right to bar any patron from their facility absolutely.

Section 551.113, F.S., consists of subsections (1) – (3) and prohibits a person under the age of 21 from playing slot machines or being employed in a slot machine gaming area and requires the posting of signs concerning the age to play.

Section 551.114, F.S., consists of subsections (1) – (5) and establishes standards for the slot machine gaming area of a slot machine licensee. This section:

- Limits the number of slot machines to 1,000 per facility;
- Requires the display of and wagering on pari-mutuel races or games in the designated slot machine gaming areas;
- Requires posting of warnings, odds of winning, and a telephone hotline;
- Requires slot machine gaming areas to be contiguous and connected to the live gaming facility; and
- Requires the slot machine licensee to provide office space to the division and the FDLE.

Section 551.116, F.S., authorizes slot machine gaming to be conducted daily throughout the year for a maximum of 16 hours per day.

Section 551.117, F.S., provides that a slot machine license may be revoked or suspended for willful violations of chapter 551. In lieu of revocation or suspension, a slot machine licensee may be fined up to \$100,000 for each count or separate offense.

Section 551.118, F.S. consists of subsections (1) – (3) and provides for a compulsive or addictive gambling prevention program.

- Slot machine licensees are required to offer training to their employees on responsible gaming and work with a compulsive or addictive gambling prevention program on ways to recognize problem gaming situations and implement responsible gaming programs and practices.
- The division is required to enter into a contract for provision of services related to the prevention of compulsive and addictive gambling. This contract shall also include an advertising program to promote responsible gaming practices and advertise a gambling telephone help line. These

advertisements must also be made inside the designated slot machine gaming areas. The contract must include accountability standards to be met by the private provider.

- The compulsive or addictive gambling program is funded from an annual \$250,000 regulatory fee paid by each slot machine licensee to the division.

Section 551.119, F.S., authorizes a caterer's license allowing the sale of alcoholic beverages on days the facility is open to the public for slot machine game play.

Section 551.121, F.S., consists of subsections (1) – (6) and enumerates prohibited activities and devices in the slot machine gaming facility including a prohibition on the service of complimentary or reduced-cost alcoholic beverages to patrons playing a slot machine.

In addition, this section prohibits certain financial transactions, including:

- Slot machine licensees may not make any loan, provide credit, or advance cash in order to enable a person to play a slot machine;
- ATMs may not be located within the facilities of a slot machine licensee;
- Slot machine licensees may not accept or cash any personal, 3<sup>rd</sup> party, corporate, business, or government-issued check from any person; and
- Progressive games are prohibited.

This section contains a limitation on the slot machine definition provided in s. 551.102(7), F.S. by specifying that slot machines may accept only "tickets or paper currency or an electronic payment system" for wagering and may only make payouts in the form of tickets. The use of coins, credit or debit cards, tokens, etc. is specifically prohibited; however, an electronic credit system may be used for receiving wagers and making payouts.

Section 551.122, F.S., provides for rulemaking.

**Section 2.** Amends s. 849.15, F.S., to create an exception to the prohibition of possessing or transporting slot machines in the state. The bill specifically provides that all shipments of gaming devices, including slot machines, or parts thereof, to an eligible facility in any county of the state where slot machine gaming is authorized are deemed to be legal and exempt from state and federal prohibitions.

**Section 3.** Amends s. 895.02, F.S., the state's Racketeer Influenced and Corrupt Organization [RICO] Act, to classify violations of s. 551.109, F.S., as racketeering activity or constituting an unlawful debt. Section 551.109, F.S., enumerates prohibited acts such as making false statements in required reports, skimming of slot machine proceeds, and cheating, and establishes administrative, civil and criminal penalties for those violations.

**Section 4.** Preempts all regulation of slot machine gaming to the state.

**Section 5.** Provides an appropriation.

**Section 6.** Amends subsection (1) of s. 215.22, F.S., to exempt slot machine revenue from General Revenue service charge.

**Section 7.** Provides that the act will take effect upon becoming a law.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

Indeterminate at this time. A bill impact conference is scheduled for December 2, 2005 to evaluate the fiscal impact of this legislation.

#### **2. Expenditures:**

There will be new costs to the state associated with the regulatory, oversight, and licensing requirements imposed by this legislation. Those costs are indeterminate at this time; however, impact estimates have been requested from the division and the FDLE.

In addition to the regulatory costs associated with slot machine operations, the state can expect an increase in costs related to problem gambling, which could lead to a need for increased expenditures in several areas, including law enforcement [including impacts on the courts and prisons], mental health and addiction treatment costs, among others.

## **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

### **1. Revenues:**

Indeterminate at this time.

### **2. Expenditures:**

Local governments and municipalities where the facilities are located and nearby counties and municipalities may incur increased expenditures to meet additional needs related to law enforcement, transportation, and human services. The expenditures required to meet those needs are not quantifiable at this time.

To assist in defraying the cost of local government impacts, including the effects upon quality of life and community values, costs, and expenses that will be incurred as a result of the pari-mutuel facilities' development and operation of slot machines, Broward County has entered into written agreements with the four pari-mutuel facilities located in the county. In addition to payments to the county for county-wide impacts, the agreements provide for payments to the county that will be distributed to the municipalities where the facilities are located. The payment percentages are as follows per facility: 1) For county-wide impacts, 1.5 percent of the first \$250 million in slot machine revenues and 2.0 percent of revenues above \$250 million; and, 2) For the municipalities where the facilities are located, 1.7 percent of the first \$250 million in slot machine revenue and 2.5 percent above \$250 million. Some adjacent communities, for example the City of Hollywood, have expressed a concern that these agreements do not adequately address their concerns and anticipated required expenditures.

## **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

The degree to which private individuals or businesses [including existing tourist destinations and attractions, Indian gaming facilities, and cruises-to-nowhere] located nearby the slot machine gaming facilities or located throughout the state will benefit or be harmed economically by the presence of slot machine gaming in Broward County does not appear quantifiable at this time.

## **D. FISCAL COMMENTS:**

None.

## **III. COMMENTS**

### **A. CONSTITUTIONAL ISSUES:**

#### **1. Applicability of Municipality/County Mandates Provision:**

This bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

#### **2. Other:**

None noted.

## B. RULE-MAKING AUTHORITY:

The Division of Pari-mutuel Wagering and the Department of Law Enforcement are granted rule-making authority.

## C. DRAFTING ISSUES OR OTHER COMMENTS:

### Recent Litigation

Subsequent to adjournment of the 2005 Regular Session several pari-mutuel facilities filed suit in Broward County asking the court to declare that the pari-mutuel facilities are entitled to transport, possess, install, and operate slot machines and to permanently enjoin the State Attorney from prosecuting these facilities for doing so in Broward County.<sup>4</sup>

Declaratory and injunctive relief was granted and the State Attorney was permanently enjoined from initiating criminal or civil action against the plaintiffs for transporting, possessing, installing, or operating slot machines on or after July 1, 2005. Moreover, the judge retained jurisdiction to allow the Broward County Commission to enact rules and regulations to implement the constitutional amendment.

Pursuant to that ruling, the Broward County Board of County Commissioners contracted with Gaming Laboratories International [GLI], an independent gaming device and systems test laboratory, to prepare draft regulations which include a comprehensive set of rules, regulations and internal control procedures and provide an overview of actions and resources required for the County to regulate slots. The Broward County Commission has not acted to implement these regulations at this date.

### Indian Gaming

There are currently seven Tribal casinos operating in Florida, including two recently opened Hard Rock casinos in Hollywood and Tampa. The Seminole and Miccosukee Tribes currently operate tribal casinos in Broward, Collier, Glades, Hillsborough, Miami-Dade and Pasco counties where they offer gaming on various card games, bingo, and electronic bingo games. In the past these electronic bingo games have been opposed by the state as unauthorized Class III games but have been classified by the National Indian Gaming Commission, an independent agency within the U. S. Department of the Interior responsible for implementing the Indian Gaming Regulatory Act, as Class II machines.

Indian tribes are sovereign nations and, therefore, free from most federal and state governmental control. State laws, including those regarding gambling activities, do not generally apply to Indians or Indian lands without the consent of Congress. A significant expansion of Indian gambling was realized following passage of the Indian Gaming Regulatory Act<sup>5</sup> [IGRA] by Congress in 1988. IGRA provides that a tribe may only be engaged in those same type gambling activities as are authorized by law in that state. For example, if a state authorizes penny-ante poker, the tribes can, likewise, conduct poker; if the state specifically prohibits wagering on all card games, the tribe cannot conduct wagering on card games.

IGRA identifies three classes of gambling on Indian lands:

**Class I** includes social games and traditional and ceremonial games which may be played for prizes of minimal value. This type of gambling is under the exclusive jurisdiction of the tribes.

**Class II** includes bingo, pull tabs, and games similar to bingo, plus non-banking card games unless they are otherwise prohibited by state law. Class II gaming does not include any banking card games, such as baccarat or blackjack, or electronic or electromechanical facsimiles of any games of chance or slot machines of any kind. Class II games may, however, utilize "electronic, computer or other technologic aids." Class II gambling is subject to the provisions of IGRA and oversight by the National Indian Gaming Commission.

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<sup>4</sup> *Hartman & Tyner, Inc. et al. v. Satz*, Case No. 05-07900 (13)

<sup>5</sup> 25 U.S.C, chapter 29

**Class III** includes all other types of gambling including pari-mutuel wagering on horses, dogs and jai alai, house-banked card games, casino games such as roulette, craps and keno, and slot machines. Electronic games of chance, such as video poker, are also considered Class III games.

IGRA provides that a tribe may not legally conduct Class III gambling until it reaches agreement with a state under a state-tribal compact and provides procedures for the tribe to pursue should an agreement not be reached. Those procedures include action in a U.S. District Court, mediation, and involvement by the Secretary of the Interior. The efficacy of this remedy for the tribes is questionable because the U. S. Supreme Court held in 1996 that the 11<sup>th</sup> Amendment provides the state sovereign immunity against suit by the tribe.<sup>6</sup> In that litigation the State of Florida and the Seminole Tribe of Florida were unable to reach agreement on a requested state-tribal compact resulting in prolonged litigation and the Secretary of the Interior contemplating the implementation of rules allowing the Seminole Tribe to proceed.

In light of passage of Art. X, Sec. 23, both the Miccosukee Tribe of Florida<sup>7</sup> and the Seminole Tribe of Florida<sup>8</sup> have submitted formal requests to the Governor to begin compact negotiations for Class III gaming.

#### Debt Service on Bonds

By the terms of Amendment 4, any state revenue from the taxation of slot machines must be used for supplementing public education funding statewide. Revenues from the taxation of slot machine revenue may be required to be deposited in the Educational Enhancement Trust Fund to be available first for debt service payments on bonds issued under the 1997 School Capital Outlay Bond Program, the Classrooms First Program, and the Class Size Reduction Lottery Revenue Bond Program pursuant to ss. 1013.70(1), 1013.68(4), and 1013.737(3), F.S., respectively. All of those subsections authorize the establishment of covenants in connection with the issuance of bonds that provide that any additional funds received by the state from new or enhanced lottery programs, video gaming, or other similar activities will first be available for payments relating to the bonds, prior to use for any other purpose. The Resolutions of the Division of Bond Finance of the State Board of Administration which appear in the Official Statements related to the issuance of bonds under those programs contain covenants with the registered owners that any net revenues received by the state from video gaming or other similar activities, regardless of what entity operates these activities, will first be available for payment of debt service on the bonds or other payments required pursuant to the Resolution prior to use for any other purpose. However, the applicability of these covenants to tax revenue derived from slot machine gaming in pari-mutuel facilities may be called into question, since Article VII, Section 11(d), of the Florida Constitution provides that "revenue bonds may be issued by the state or its agencies without a vote of the electors to finance or refinance the cost of state fixed capital outlay projects authorized by law, and purposes incidental thereto, and shall be payable solely from funds derived directly from sources other than state tax revenues." [Emphasis supplied.]

#### Florida School Board Association Agreement

On October 22, 2004, the Florida School Boards Association entered into an agreement with the seven pari-mutuel facilities in Broward and Miami-Dade Counties wherein the pari-mutuel facilities agreed to pay to the Association 30 percent of the gross slot machine revenue generated at their respective facilities annually. The agreement specifies that the payments will commence upon passage of an authorizing referendum in the county of operation and upon the initial operation of slot machines by the facility and will continue until such time as the Legislature enacts legislation providing for the collection of taxes or fees on slot machine operations.

The agreement further provides that in the event the cumulative amount of tax imposed by the Legislature is less than 30 percent of the gross slot revenue generated by the facility, each facility is required to pay the amount of the difference between the two.

Revenues collected pursuant to this agreement are required to be distributed to each school board in the state in accordance with the respective percentage allocations of general revenue funds each school district is entitled pursuant to the Florida Education Finance Plan.

<sup>6</sup> See *Seminole Tribe of Florida v. State of Florida*, 517 U.S. 44 (1996)

<sup>7</sup> See letter from Dexter Lehtinen, Tribe Counsel, dated November 4, 2004

<sup>8</sup> See letter from Mitchell Cypress, Chairman of Tribal Council, dated March 22, 2005



#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

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1                   A bill to be entitled  
2     An act relating to slot machine gaming; creating ch. 551,  
3     F.S.; implementing s. 23, Art. X of the State  
4     Constitution; authorizing slot machines and slot machine  
5     gaming within certain pari-mutuel facilities located in  
6     Miami-Dade and Broward Counties upon approval by a local  
7     referendum; providing definitions; providing powers and  
8     duties of the Division of Pari-mutuel Wagering of the  
9     Department of Business and Professional Regulation, the  
10    Department of Law Enforcement, and local law enforcement  
11    agencies; providing for licensure to conduct slot machine  
12    gaming; providing licensing conditions on holders of  
13    thoroughbred pari-mutuel wagering permits; providing for  
14    slot machine licensure renewal; providing for a license  
15    fee and tax rate; providing for payment procedures;  
16    providing penalties; requiring slot machine occupational  
17    licenses and application fees; providing penalties;  
18    prohibiting certain relationships; prohibiting certain  
19    acts and providing penalties; providing an exception to  
20    prohibitions relating to slot machines; providing for the  
21    exclusion of certain persons from facilities; prohibiting  
22    persons under 21 years of age from playing slot machines;  
23    providing requirements for slot machine gaming areas;  
24    providing for days and hours of operation; providing  
25    penalties; providing a compulsive or addictive gambling  
26    prevention program; providing for funding; providing for a  
27    caterer's license; specifying prohibited activities and  
28    devices; prohibiting automated teller machines on the  
29    property of a slot machine licensee; providing for

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rulemaking; amending s. 849.15, F.S.; providing for transportation of certain gaming devices in accordance with federal law; amending s. 895.02, F.S.; providing that specified violations related to slot machine gaming constitute racketeering activity; providing that certain debt incurred in violation of specified provisions relating to slot machine gaming constitutes unlawful debt; providing for preemption; authorizing additional positions and providing appropriations; amending s. 215.22, F.S.; exempting taxes imposed on slot machine revenues from specified service charges; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Chapter 551, Florida Statutes, consisting of sections 551.101, 551.102, 551.103, 551.104, 551.105, 551.106, 551.107, 551.108, 551.109, 551.111, 551.112, 551.113, 551.114, 551.116, 551.117, 551.118, 551.119, 551.121, and 551.122, is created to read:

CHAPTER 551

SLOT MACHINES

551.101 Slot machine gaming authorized.--Any licensed pari-mutuel facility located in Miami-Dade County or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 may possess slot machines and conduct slot machine gaming at the location where the pari-mutuel permitholder is authorized to conduct pari-mutuel wagering

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activities pursuant to such permit holder's valid pari-mutuel permit provided that a majority of voters in a countywide referendum have approved the possession of slot machines at such facility in the respective county. Notwithstanding any other provision of law, it is not a crime for a person to participate in slot machine gaming at a pari-mutuel facility licensed to possess and conduct slot machine gaming or to participate in slot machine gaming described in this chapter.

551.102 Definitions.--As used in this chapter, the term:

(1) "Distributor" means any person who sells, leases, or offers or otherwise provides, distributes, or services any slot machine or associated equipment for use or play of slot machines in this state. A manufacturer may be a distributor within the state.

(2) "Designated slot machine gaming area" means the area or areas of a facility of a slot machine licensee in which slot machine gaming may be conducted in accordance with the provisions of this chapter.

(3) "Division" means the Division of Pari-mutuel Wagering of the Department of Business and Professional Regulation.

(4) "Eligible facility" means any licensed pari-mutuel facility located in Miami-Dade County or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 and has been approved by a majority of voters in a countywide referendum to have slot machines at such facility in the respective county.

(5) "Manufacturer" means any person who manufactures, builds, rebuilds, fabricates, assembles, produces, programs,

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designs, or otherwise makes modifications to any slot machine or associated equipment for use or play of slot machines in this state for gaming purposes. A manufacturer may be a distributor within the state.

(6) "Progressive system" means a computerized system linking slot machines in one or more licensed facilities within this state and offering one or more common progressive payouts based on the amounts wagered.

(7) "Slot machine" means any mechanical or electrical contrivance, terminal, machine, or other device that, upon insertion of a coin, bill, ticket, token, or similar object or upon payment of any consideration whatsoever, including the use of any electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance or both, may deliver or entitle the person or persons playing or operating the contrivance, terminal, machine, or other device to receive cash, billets, tickets, tokens, or electronic credits to be exchanged for cash or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or manually. The term includes associated equipment necessary to conduct the operation of the contrivance, terminal, machine, or other device. Slot machines may use spinning reels, video displays, or both. A slot machine is not a "coin-operated amusement machine" as defined in s. 212.02(24) or an amusement game or machine as described in s. 849.161, and slot machines are not subject to the tax imposed by s. 212.05(1)(h).

(8) "Slot machine facility" means a facility at which slot

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machines as defined in this chapter are lawfully offered for play.

(9) "Slot machine license" means a license issued by the division authorizing a pari-mutuel permitholder to place and operate slot machines as provided by s. 23, Art. X of the State Constitution, the provisions of this chapter, and division rules.

(10) "Slot machine licensee" means a pari-mutuel permitholder who holds a license issued by the division pursuant to this chapter that authorizes such person to possess a slot machine within facilities specified in s. 23, Art. X of the State Constitution and allows slot machine gaming.

(11) "Slot machine operator" means a person employed or contracted by the owner of a licensed facility to conduct slot machine gaming at that licensed facility.

(12) "Slot machine revenues" means the total of all cash and property received by the slot machine licensee from the operation of slot machines less the amount of cash, cash equivalents, credits, and prizes paid to winners of slot machine gaming.

551.103 Powers and duties of the division and law enforcement.--

(1) The division shall adopt, pursuant to the provisions of ss. 120.536(1) and 120.54, all rules necessary to implement, administer, and regulate slot machine gaming as authorized in this chapter. Such rules must include:

(a) Procedures for applying for a slot machine license and renewal of a slot machine license.

(b) Technical requirements and the qualifications contained in this chapter that are necessary to receive a slot machine

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146   license or slot machine occupational license.

147       (c) Procedures relating to slot machine revenues, including  
148   verifying and accounting for such revenues, auditing, and  
149   collecting taxes and fees consistent with this chapter.

150       (d) Procedures for regulating, managing, and auditing the  
151   operation, financial data, and program information relating to  
152   slot machine gaming that allow the division and the Department of  
153   Law Enforcement to audit the operation, financial data, and  
154   program information of a slot machine licensee, as required by  
155   the division or the Department of Law Enforcement, and provide  
156   the division and the Department of Law Enforcement with the  
157   ability to monitor, at any time on a real-time basis, wagering  
158   patterns, payouts, tax collection, and compliance with any rules  
159   adopted by the division for the regulation and control of slot  
160   machines operated under this chapter. Such continuous and  
161   complete access, at any time on a real-time basis, shall include  
162   the ability of either the division or the Department of Law  
163   Enforcement to suspend play immediately on particular slot  
164   machines if monitoring of the facilities-based computer system  
165   indicates possible tampering or manipulation of those slot  
166   machines or the ability to suspend play immediately of the entire  
167   operation if the tampering or manipulation is of the computer  
168   system itself. The division shall notify the Department of Law  
169   Enforcement or the Department of Law Enforcement shall notify the  
170   division, as appropriate, whenever there is a suspension of play  
171   under this paragraph. The division and the Department of Law  
172   Enforcement shall exchange such information necessary for and  
173   cooperate in the investigation of the circumstances requiring  
174   suspension of play under this paragraph.

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175        (e) Procedures for requiring each licensee at his or her  
176 own cost and expense to supply the division with a bond having  
177 the penal sum of \$2 million payable to the Governor and his or  
178 her successors in office for the licensee's first year of slot  
179 machine operations. Annually thereafter, the licensee shall file  
180 a bond having a penal sum that is determined each year by the  
181 division pursuant to rules adopted by the division and that  
182 approximates the anticipated state revenues from the licensee's  
183 slot machine operation; however, the bond may not in any case be  
184 less than \$2 million. Any bond shall be issued by a surety or  
185 sureties approved by the division and the Chief Financial  
186 Officer, conditioned to faithfully make the payments to the Chief  
187 Financial Officer in his or her capacity as treasurer of the  
188 division. The licensee shall be required to keep its books and  
189 records and make reports as provided in this chapter and to  
190 conduct its slot machine operations in conformity with this  
191 chapter and all other provisions of law. Such bond shall be  
192 separate and distinct from the bond required in s. 550.125.

193        (f) Procedures for requiring licensees to maintain  
194 specified records and submit any data, information, record, or  
195 report, including financial and income records, required by this  
196 chapter or determined by the division to be necessary to the  
197 proper implementation and enforcement of this chapter.

198        (g) A requirement that the payout percentage of the slot  
199 machines be no less than 85 percent per facility per day.

200        (h) Minimum standards for security of the facilities,  
201 including floor plans, security cameras, and other security  
202 equipment.

203        (2) The division shall conduct such investigations



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necessary to fulfill its responsibilities under the provisions of this chapter.

(3) The Department of Law Enforcement and local law enforcement agencies shall have concurrent jurisdiction to investigate criminal violations of this chapter and may investigate any other criminal violation of law occurring at the facilities of a slot machine licensee, and such investigations may be conducted in conjunction with the appropriate state attorney.

(4)(a) The division, the Department of Law Enforcement, and local law enforcement agencies shall have unrestricted access to the slot machine licensee's facility at all times and shall require of each slot machine licensee strict compliance with the laws of this state relating to the transaction of such business. The division, the Department of Law Enforcement, and local law enforcement agencies may:

1. Inspect and examine premises where slot machines are offered for play.

2. Inspect slot machines and related equipment and supplies.

(b) In addition, the division may:

1. Collect taxes, assessments, fees, and penalties.

2. Deny, revoke, suspend, or place conditions on the license of a person who violates any provision of this chapter or rule adopted pursuant thereto.

(5) The division shall revoke or suspend the license of any person who is no longer qualified or who is found, after receiving a license, to have been unqualified at the time of application for the license.

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233        (6) This section does not:  
 234        (a) Prohibit the Department of Law Enforcement or any law  
 235 enforcement authority whose jurisdiction includes a licensed  
 236 facility from conducting investigations of criminal activities  
 237 occurring at the facility of the slot machine licensee;  
 238        (b) Restrict access to the slot machine licensee's facility  
 239 by the Department of Law Enforcement or any local law enforcement  
 240 authority whose jurisdiction includes the slot machine licensee's  
 241 facility; or  
 242        (c) Restrict access by the Department of Law Enforcement or  
 243 local law enforcement authorities to information and records  
 244 necessary to the investigation of criminal activity that are  
 245 contained within the slot machine licensee's facility.  
 246        551.104 License to conduct slot machine gaming.--  
 247        (1) Upon application and a finding by the division after  
 248 investigation that the application is complete and the applicant  
 249 is qualified and payment of the initial license fee, the division  
 250 may issue a license to conduct slot machine gaming in the  
 251 designated slot machine gaming area of the eligible facility.  
 252 Once licensed, slot machine gaming may be conducted subject to  
 253 the requirements of this chapter and rules adopted pursuant  
 254 thereto.  
 255        (2) An application may be approved by the division only  
 256 after the voters of the county where the applicant's facility is  
 257 located have authorized by referendum slot machines within pari-  
 258 mutuel facilities in that county as specified in s. 23, Art. X of  
 259 the State Constitution.  
 260        (3) A slot machine license may be issued only to a licensed  
 261 pari-mutuel permitholder, and slot machine gaming may be

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conducted only at the same facility at which the permitholder is authorized under its valid pari-mutuel wagering permit to conduct pari-mutuel wagering activities.

(4) As a condition of licensure and to maintain continued authority for the conduct of slot machine gaming, the slot machine licensee shall:

(a) Continue to be in compliance with this chapter.

(b) Continue to be in compliance with chapter 550, where applicable, and maintain the pari-mutuel permit and license in good standing pursuant to the provisions of chapter 550. Notwithstanding any contrary provision of law and in order to expedite the operation of slot machines at eligible facilities, any eligible facility shall be entitled within 60 days after the effective date of this act to amend its 2006-2007 pari-mutuel wagering operating license issued by the division under ss. 550.0115 and 550.01215. The division shall issue a new license to the eligible facility to effectuate any approved change.

(c) Conduct no fewer than a full schedule of live racing or games as defined in s. 550.002(11). A permitholder's responsibility to conduct such number of live races or games shall be reduced by the number of races or games that could not be conducted due to the direct result of fire, war, hurricane, or other disaster or event beyond the control of the permitholder.

(d) Upon approval of any changes relating to the pari-mutuel permit by the division, be responsible for providing appropriate current and accurate documentation on a timely basis to the division in order to continue the slot machine license in good standing. Changes in ownership or interest of a slot machine license of 5 percent or more of the stock or other evidence of

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ownership or equity in the slot machine license or any parent corporation or other business entity that in any way owns or controls the slot machine license shall be approved by the division prior to such change, unless the owner is an existing holder of that license who was previously approved by the division. Changes in ownership or interest of a slot machine license of less than 5 percent, unless such change results in a cumulative total of 5 percent or more, shall be reported to the division within 20 days after the change. The division may then conduct an investigation to ensure that the license is properly updated to show the change in ownership or interest. No reporting is required if the person is holding 5 percent or less equity or securities of a corporate owner of the slot machine licensee that has its securities registered pursuant to s. 12 of the Securities Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and if such corporation or entity files with the United States Securities and Exchange Commission the reports required by s. 13 of that act or if the securities of the corporation or entity are regularly traded on an established securities market in the United States. A change in ownership or interest of less than 5 percent which results in a cumulative ownership or interest of 5 percent or more shall be approved by the division prior to such change unless the owner is an existing holder of the license who was previously approved by the division.

(e) Allow the division and the Department of Law Enforcement unrestricted access to and right of inspection of facilities of a slot machine licensee in which any activity relative to the conduct of slot machine gaming is conducted.

(f) Ensure that the facilities-based computer system that

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320 | the licensee will use for operational and accounting functions of  
 321 | the slot machine facility is specifically structured to  
 322 | facilitate regulatory oversight. The facilities-based computer  
 323 | system shall be designed to provide the division and the  
 324 | Department of Law Enforcement with the ability to monitor, at any  
 325 | time on a real-time basis, the wagering patterns, payouts, tax  
 326 | collection, and such other operations as necessary to determine  
 327 | whether the facility is in compliance with statutory provisions  
 328 | and rules adopted by the division for the regulation and control  
 329 | of slot machine gaming. The division and the Department of Law  
 330 | Enforcement shall have complete and continuous access to this  
 331 | system. Such access shall include the ability of either the  
 332 | division or the Department of Law Enforcement to suspend play  
 333 | immediately on particular slot machines if monitoring of the  
 334 | system indicates possible tampering or manipulation of those slot  
 335 | machines or the ability to suspend play immediately of the entire  
 336 | operation if the tampering or manipulation is of the computer  
 337 | system itself. The computer system shall be reviewed and approved  
 338 | by the division to ensure necessary access, security, and  
 339 | functionality. The division may adopt rules to provide for the  
 340 | approval process.

341 |       (g) Ensure that each slot machine is protected from  
 342 | manipulation or tampering to affect the random probabilities of  
 343 | winning plays. The division or the Department of Law Enforcement  
 344 | shall have the authority to suspend play upon reasonable  
 345 | suspicion of any manipulation or tampering. When play has been  
 346 | suspended on any slot machine, the division or the Department of  
 347 | Law Enforcement may examine any slot machine to determine whether  
 348 | the machine has been tampered with or manipulated and whether the

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349 machine should be returned to operation.

350 (h) Submit a security plan, including the facilities' floor  
 351 plan, the locations of security cameras, and a listing of all  
 352 security equipment that is capable of observing and  
 353 electronically recording activities being conducted in the  
 354 facilities of the slot machine licensee. The security plan must  
 355 meet the minimum security requirements as determined by the  
 356 division under s. 551.103(1)(h) and be implemented prior to  
 357 operation of slot machine gaming. The slot machine licensee's  
 358 facilities must adhere to the security plan at all times. Any  
 359 changes to the security plan must be submitted by the licensee to  
 360 the division prior to implementation. The division shall furnish  
 361 copies of the security plan and changes in the plan to the  
 362 Department of Law Enforcement.

363 (i) Create and file with the division a written policy for:

364 1. Creating opportunities to purchase from vendors in this  
 365 state, including minority vendors.

366 2. Creating opportunities for employment of residents of  
 367 this state, including minority residents.

368 3. Ensuring that opportunities for employment are offered  
 369 on an equal, nondiscriminatory basis.

370 (j) Ensure that the payout percentage of the slot machines  
 371 is no less than 85 percent per facility per day.

372 (5) A slot machine license is not transferable.

373 (6) A slot machine licensee shall keep and maintain  
 374 permanent daily records of its slot machine operation and shall  
 375 maintain such records for a period of not less than 5 years.  
 376 These records must include all financial transactions and contain  
 377 sufficient detail to determine compliance with the requirements

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of this chapter. All records shall be available for audit and inspection by the division, the Department of Law Enforcement, or other law enforcement agencies during the licensee's regular business hours.

(7) A slot machine licensee shall file with the division a monthly report containing the required records of such slot machine operation. The required reports shall be submitted on forms prescribed by the division and shall be due at the same time as the monthly pari-mutuel reports are due to the division, and the reports shall be deemed public records once filed.

(8) A slot machine licensee shall file with the division an audit of the receipt and distribution of all slot machine revenues provided by an independent certified public accountant verifying compliance with all financial and auditing provisions of this chapter and the associated rules adopted under this chapter. The audit must include verification of compliance with all statutes and rules regarding all required records of slot machine operations. Such audit shall be filed within 60 days after the completion of the permitholder's pari-mutuel meet.

(9) The division may share any information with the Department of Law Enforcement, any other law enforcement agency having jurisdiction over slot machine gaming or pari-mutuel activities, or any other state or federal law enforcement agency the division or the Department of Law Enforcement deems appropriate. Any law enforcement agency having jurisdiction over slot machine gaming or pari-mutuel activities may share any information obtained or developed by it with the division.

(10)(a) It is the responsibility of the appropriate state agency and of the judicial branch to identify to the division, in

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the form and format prescribed by the division, persons owing past due child support collected through a court, including spousal support or alimony for the spouse or former spouse of the obligor if the child support obligation is being enforced by the Department of Revenue. Any slot machine prize of \$600 or more to any person having such an outstanding obligation shall be forwarded by the slot machine licensee to the division for distribution to the agency claiming that past due child support is owed. If a balance of prize amount remains after payment of past due child support, the division shall distribute the balance to the prize winner after deduction of the debt.

(b) It is the responsibility of the division to identify to slot machine licensees those persons identified under paragraph (a) as having such outstanding obligations. Slot machine licensees must implement payout procedures to ensure the requirements of this subsection are met.

(c) The division may adopt rules pursuant to ss. 120.536(1) and 120.54 to implement the provisions of this subsection.

(11)(a) No slot machine license or renewal thereof shall be issued to an applicant holding a permit under chapter 550 to conduct pari-mutuel wagering meets of thoroughbred racing unless the applicant has on file with the division a binding written agreement between the applicant and the Florida Horsemen's Benevolent and Protective Association, Inc., governing the payment of purses on live thoroughbred races conducted at the licensee's pari-mutuel facility. In addition, no slot machine license or renewal thereof shall be issued to such an applicant unless the applicant has on file with the division a binding written agreement between the applicant and the Florida



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Thoroughbred Breeders' Association, Inc., governing the payment of breeders', stallion, and special racing awards on live thoroughbred races conducted at the licensee's pari-mutuel facility. The agreement governing purses and the agreement governing awards may direct the payment of such purses and awards from revenues generated by any wagering or gaming the applicant is authorized to conduct under Florida law. All purses and awards shall be subject to the terms of chapter 550. All sums for breeders', stallion, and special racing awards shall be remitted monthly to the Florida Thoroughbred Breeders' Association, Inc., for the payment of awards subject to the administrative fee authorized in s. 550.2625(3).

(b) The division shall suspend a slot machine license if one or more of the agreements required under paragraph (a) are terminated or otherwise cease to operate or if the division determines that the licensee is materially failing to comply with the terms of such an agreement. Any such suspension shall take place in accordance with chapter 120.

(c)1. If an agreement required under paragraph (a) cannot be reached prior to the initial issuance of the slot machine license, either party may request arbitration or, in the case of a renewal, if an agreement required under paragraph (a) is not in place 120 days prior to the scheduled expiration date of the slot machine license, the applicant shall immediately ask the American Arbitration Association to furnish a list of 11 arbitrators, each of whom shall have at least 5 years of commercial arbitration experience and no financial interest in or prior relationship with any of the parties or their affiliated or related entities or principals. Each required party to the agreement shall select

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a single arbitrator from the list provided by the American Arbitration Association within 10 days of receipt, and the individuals so selected shall choose one additional arbitrator from the list within the next 10 days.

2. If an agreement required under paragraph (a) is not in place 60 days after the request under subparagraph 1. in the case of an initial slot machine license or, in the case of a renewal, 60 days prior to the scheduled expiration date of the slot machine license, the matter shall be immediately submitted to mandatory binding arbitration to resolve the disagreement between the parties. The three arbitrators selected pursuant to subparagraph 1. shall constitute the panel that shall arbitrate the dispute between the parties pursuant to the American Arbitration Association Commercial Arbitration Rules and chapter 682.

3. At the conclusion of the proceedings, which shall be no later than 90 days after the request under subparagraph 1. in the case of an initial slot machine license or, in the case of a renewal, 30 days prior to the scheduled expiration date of the slot machine license, the arbitration panel shall present to the parties a proposed agreement that the majority of the panel believes equitably balances the rights, interests, obligations, and reasonable expectations of the parties. The parties shall immediately enter into such agreement, which shall satisfy the requirements of paragraph (a) and permit issuance of the pending annual slot machine license or renewal. The agreement produced by the arbitration panel under this subparagraph shall be effective until the last day of the license or renewal period or until the parties enter into a different agreement. Each party shall pay

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its respective costs of arbitration and shall pay one-half of the costs of the arbitration panel, unless the parties otherwise agree. If the agreement produced by the arbitration panel under this subparagraph remains in place 120 days prior to the scheduled issuance of the next annual license renewal, then the arbitration process established in this paragraph will begin again.

4. In the event that neither of the agreements required under paragraph (a) are in place by the deadlines established in this paragraph, arbitration regarding each agreement will proceed independently, with separate lists of arbitrators, arbitration panels, arbitration proceedings, and resulting agreements.

5. With respect to the agreement required under paragraph (a) governing the payment of purses, the arbitration and resulting agreement called for under this paragraph shall be limited to the payment of purses from slot machine revenues only.

(d) If any provision of this subsection or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this subsection or chapter which can be given effect without the invalid provision or application, and to this end the provisions of this subsection are severable.

551.105 Slot machine license renewal.--

(1) Slot machine licenses shall be effective for 1 year after issuance and shall be renewed annually. The application for renewal must contain all revisions to the information submitted in the prior year's application that are necessary to maintain such information as both accurate and current.

(2) The applicant for renewal shall attest that any

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523 information changes do not affect the applicant's qualifications  
524 for license renewal.

525 (3) Upon determination by the division that the application  
526 for renewal is complete and qualifications have been met,  
527 including payment of the renewal fee, the slot machine license  
528 shall be renewed annually.

529 551.106 License fee; tax rate; penalties.--

530 (1) LICENSE FEE.--

531 (a) Upon submission of the initial application for a slot  
532 machine license and annually thereafter upon submission of an  
533 application for renewal of the slot machine license, the licensee  
534 must pay to the division a nonrefundable license fee of \$3  
535 million. The license fee shall be deposited into the Pari-mutuel  
536 Wagering Trust Fund of the Department of Business and  
537 Professional Regulation to be used by the division and the  
538 Department of Law Enforcement for investigations, regulation of  
539 slot machine gaming, and enforcement of slot machine gaming  
540 provisions under this chapter. These payments shall be accounted  
541 for separately from taxes or fees paid pursuant to the provisions  
542 of chapter 550.

543 (b) Prior to January 1, 2007, the division shall evaluate  
544 the license fee and shall make recommendations to the President  
545 of the Senate and the Speaker of the House of Representatives  
546 regarding the optimum level of slot machine license fees in order  
547 to adequately support the slot machine regulatory program.

548 (2) TAX ON SLOT MACHINE REVENUES.--

549 (a) The tax rate on slot machine revenues at each facility  
550 shall be 55 percent.

551 (b) The slot machine revenue tax imposed by this section

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shall be paid to the division for deposit into the Pari-mutuel Wagering Trust Fund for immediate transfer by the Chief Financial Officer for deposit into the Educational Enhancement Trust Fund of the Department of Education. Any interest earnings on the tax revenues shall also be transferred to the Educational Enhancement Trust Fund.

(c) Funds transferred to the Educational Enhancement Trust Fund under paragraph (b) shall be used to supplement public education funding statewide and shall not be used for recurring appropriations.

(3) PAYMENT PROCEDURES.--Such payment shall be remitted to the division by the 5th day of each calendar month for taxes imposed on the preceding month's slot machine revenues. The slot machine licensee shall file a report under oath by the 5th day of each calendar month for all taxes remitted that month, which report must show all slot machine activities for the preceding calendar month and such other revenue information as may be required by the division.

(4) FAILURE TO PAY TAX; PENALTIES.--A slot machine licensee who fails to make tax payments as required under this section is subject to an administrative penalty of up to \$10,000 for each day the tax payment is not remitted. All administrative penalties imposed and collected shall be deposited into the Pari-mutuel Wagering Trust Fund of the Department of Business and Professional Regulation. If any slot machine licensee fails to pay penalties imposed by order of the division under this subsection, the division may suspend, revoke, or refuse to renew the license of the slot machine licensee.

(5) SUBMISSION OF FUNDS.--The division may require slot

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581 machine licensees to remit taxes, fees, fines, and assessments by  
582 electronic funds transfer.

583 551.107 Slot machine occupational license; findings;  
584 application; fee.--

585 (1) The Legislature finds that individuals and entities  
586 that are licensed under this section require heightened state  
587 scrutiny, including the submission by the individual licensees or  
588 persons associated with the entities described in this chapter of  
589 fingerprints for a criminal history record check.

590 (2)(a) The following slot machine occupational licenses  
591 shall be issued to persons or entities that, by virtue of the  
592 position they hold, might be granted access to slot machine  
593 gaming areas or to any other person or entity in one of the  
594 following categories:

595 1. General occupational licenses for general employees,  
596 including food service, maintenance, and other similar service  
597 and support employees having access to the slot machine gaming  
598 area.

599 2. Professional occupational licenses for any person,  
600 proprietorship, partnership, corporation, or other entity that is  
601 authorized by a slot machine licensee to manage, oversee, or  
602 otherwise control daily operations as a slot machine manager, a  
603 floor supervisor, security personnel, or any other similar  
604 position of oversight of gaming operations.

605 3. Business occupational licenses for any slot machine  
606 management company or company associated with slot machine  
607 gaming, any person who manufactures, distributes, or sells slot  
608 machines, slot machine paraphernalia, or other associated  
609 equipment to slot machine licensees, any company that sells or

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610 provides goods or services associated with slot machine gaming to  
 611 slot machine licensees, or any person not an employee of the slot  
 612 machine licensee who provides maintenance, repair, or upgrades or  
 613 otherwise services a slot machine or other slot machine  
 614 equipment.

615 (b) Slot machine occupational licenses are not  
 616 transferable.

617 (3) A slot machine licensee may not employ or otherwise  
 618 allow a person to work at a licensed facility unless such person  
 619 holds the appropriate valid occupational license. A slot machine  
 620 licensee may not contract or otherwise do business with a  
 621 business required to hold a slot machine occupational license  
 622 unless the business holds such a license. A slot machine licensee  
 623 may not employ or otherwise allow a person to work in a  
 624 supervisory or management professional level at a licensed  
 625 facility unless such person holds a valid slot machine  
 626 occupational license. All slot machine occupational licensees,  
 627 while present in slot machine gaming areas, shall display on  
 628 their persons their occupational license identification cards.

629 (4) (a) A person seeking a slot machine occupational license  
 630 or renewal thereof shall make application on forms prescribed by  
 631 the division and include payment of the appropriate application  
 632 fee. Initial and renewal applications for slot machine  
 633 occupational licenses must contain all information that the  
 634 division, by rule, determines is required to ensure eligibility.

635 (b) The division shall establish, by rule, a schedule for  
 636 the annual renewal of slot machine occupational licenses.

637 (c) Pursuant to rules adopted by the division, any person  
 638 may apply for and, if qualified, be issued a slot machine

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occupational license valid for a period of 3 years upon payment of the full occupational license fee for each of the 3 years for which the license is issued. The slot machine occupational license is valid during its specified term at any licensed facility where slot machine gaming is authorized to be conducted.

(d) The slot machine occupational license fee for initial application and annual renewal shall be determined by rule of the division but may not exceed \$50 for a general or professional occupational license for an employee of the slot machine licensee or \$1,000 for a business occupational license for nonemployees of the licensee providing goods or services to the slot machine licensee. License fees for general occupational licensees shall be paid by the slot machine licensee. Failure to pay the required fee constitutes grounds for disciplinary action by the division against the slot machine licensee, but it is not a violation of this chapter or rules of the division by the general occupational licensee and does not prohibit the initial issuance or the renewal of the general occupational license.

(5) The division may:

(a) Deny an application for, or revoke, suspend, or place conditions or restrictions on, a license of a person or entity that has been refused a license by any other state gaming commission, governmental department, agency, or other authority exercising regulatory jurisdiction over the gaming of another state or jurisdiction; or

(b) Deny an application for, or suspend or place conditions on, a license of any person or entity that is under suspension or has unpaid fines in another state or jurisdiction.

(6)(a) The division may deny, suspend, revoke, or refuse to



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668   renew any slot machine occupational license if the applicant for  
 669   such license or the licensee has violated the provisions of this  
 670   chapter or the rules of the division governing the conduct of  
 671   persons connected with slot machine gaming. In addition, the  
 672   division may deny, suspend, revoke, or refuse to renew any slot  
 673   machine occupational license if the applicant for such license or  
 674   the licensee has been convicted in this state, in any other  
 675   state, or under the laws of the United States of a capital  
 676   felony, a felony, or an offense in any other state that would be  
 677   a felony under the laws of this state involving arson;  
 678   trafficking in, conspiracy to traffic in, smuggling, importing,  
 679   conspiracy to smuggle or import, or delivery, sale, or  
 680   distribution of a controlled substance; racketeering; or a crime  
 681   involving a lack of good moral character, or has had a gaming  
 682   license revoked by this state or any other jurisdiction for any  
 683   gaming-related offense.

684       (b) The division may deny, revoke, or refuse to renew any  
 685   slot machine occupational license if the applicant for such  
 686   license or the licensee has been convicted of a felony or  
 687   misdemeanor in this state, in any other state, or under the laws  
 688   of the United States if such felony or misdemeanor is related to  
 689   gambling or bookmaking as described in s. 849.25.

690       (c) For purposes of this subsection, the term "convicted"  
 691   means having been found guilty, with or without adjudication of  
 692   guilt, as a result of a jury verdict, nonjury trial, or entry of  
 693   a plea of guilty or nolo contendere.

694       (7) Fingerprints for all slot machine occupational license  
 695   applications shall be taken in a manner approved by the division  
 696   and shall be submitted electronically to the Department of Law

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697 Enforcement for state processing and the Federal Bureau of  
 698 Investigation for national processing for a criminal history  
 699 record check. All persons as specified in s. 550.1815(1)(a)  
 700 employed by or working within a licensed premises shall submit  
 701 fingerprints for a criminal history record check and may not have  
 702 been convicted of any disqualifying criminal offenses specified  
 703 in subsection (6). Division employees and law enforcement  
 704 officers assigned by their employing agencies to work within the  
 705 premises as part of their official duties are excluded from the  
 706 criminal history record check requirements under this subsection.  
 707 For purposes of this subsection, the term "convicted" means  
 708 having been found guilty, with or without adjudication of guilt,  
 709 as a result of a jury verdict, nonjury trial, or entry of a plea  
 710 of guilty or nolo contendere.

711 (a) Fingerprints shall be taken in a manner approved by the  
 712 division upon initial application, or as required thereafter by  
 713 rule of the division, and shall be submitted electronically to  
 714 the Department of Law Enforcement for state processing. The  
 715 Department of Law Enforcement shall forward the fingerprints to  
 716 the Federal Bureau of Investigation for national processing. The  
 717 results of the criminal history record check shall be returned to  
 718 the division for purposes of screening. Licensees shall provide  
 719 necessary equipment approved by the Department of Law Enforcement  
 720 to facilitate such electronic submission. The division  
 721 requirements under this subsection shall be instituted in  
 722 consultation with the Department of Law Enforcement.

723 (b) The cost of processing fingerprints and conducting a  
 724 criminal history record check for a general occupational license  
 725 shall be borne by the slot machine licensee. The cost of

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processing fingerprints and conducting a criminal history record  
check for a business or professional occupational license shall  
be borne by the person being checked. The Department of Law  
Enforcement may invoice the division for the fingerprints  
submitted each month.

(c) All fingerprints submitted to the Department of Law  
Enforcement and required by this section shall be retained by the  
Department of Law Enforcement and entered into the statewide  
automated fingerprint identification system as authorized by s.  
943.05(2)(b) and shall be available for all purposes and uses  
authorized for arrest fingerprint cards entered into the  
statewide automated fingerprint identification system pursuant to  
s. 943.051.

(d) The Department of Law Enforcement shall search all  
arrest fingerprints received pursuant to s. 943.051 against the  
fingerprints retained in the statewide automated fingerprint  
identification system under paragraph (c). Any arrest record that  
is identified with the retained fingerprints of a person subject  
to the criminal history screening requirements of this section  
shall be reported to the division. Each licensed facility shall  
pay a fee to the division for the cost of retention of the  
fingerprints and the ongoing searches under this paragraph. The  
division shall forward the payment to the Department of Law  
Enforcement. The amount of the fee to be imposed for performing  
these searches and the procedures for the retention of licensee  
fingerprints shall be as established by rule of the Department of  
Law Enforcement. The division shall inform the Department of Law  
Enforcement of any change in the license status of licensees  
whose fingerprints are retained under paragraph (c).

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755        (e) The division shall request the Department of Law  
 756        Enforcement to forward the fingerprints to the Federal Bureau of  
 757        Investigation for a national criminal history records check every  
 758        3 years following issuance of a license. If the fingerprints of a  
 759        person who is licensed have not been retained by the Department  
 760        of Law Enforcement, the person must file a complete set of  
 761        fingerprints as provided for in paragraph (a). The division shall  
 762        collect the fees for the cost of the national criminal history  
 763        record check under this paragraph and shall forward the payment  
 764        to the Department of Law Enforcement. The cost of processing  
 765        fingerprints and conducting a criminal history record check under  
 766        this paragraph for a general occupational license shall be borne  
 767        by the slot machine licensee. The cost of processing fingerprints  
 768        and conducting a criminal history record check under this  
 769        paragraph for a business or professional occupational license  
 770        shall be borne by the person being checked. The Department of Law  
 771        Enforcement may invoice the division for the fingerprints  
 772        submitted each month. Under penalty of perjury, each person who  
 773        is licensed or who is fingerprinted as required by this section  
 774        must agree to inform the division within 48 hours if he or she is  
 775        convicted of or has entered a plea of guilty or nolo contendere  
 776        to any disqualifying offense, regardless of adjudication.

777        (8) All moneys collected pursuant to this section shall be  
 778        deposited into the Pari-mutuel Wagering Trust Fund.

779        551.108 Prohibited relationships.--

780        (1) A person employed by or performing any function on  
 781        behalf of the division may not:

782        (a) Be an officer, director, owner, or employee of any  
 783        person or entity licensed by the division.

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784        (b) Have or hold any interest, direct or indirect, in or  
 785        engage in any commerce or business relationship with any person  
 786        licensed by the division.

787        (2) A manufacturer or distributor of slot machines may not  
 788        enter into any contract with a slot machine licensee that  
 789        provides for any revenue sharing of any kind or nature that is  
 790        directly or indirectly calculated on the basis of a percentage of  
 791        slot machine revenues. Any maneuver, shift, or device whereby  
 792        this subsection is violated is a violation of this chapter and  
 793        renders any such agreement void.

794        (3) A manufacturer or distributor of slot machines or any  
 795        equipment necessary for the operation of slot machines or an  
 796        officer, director, or employee of any such manufacturer or  
 797        distributor may not have any ownership or financial interest in a  
 798        slot machine license or in any business owned by the slot machine  
 799        licensee.

800        (4) A licensee or any entity conducting business on or  
 801        within a licensed slot machine operation may not employ any  
 802        employee of a law enforcement agency or regulatory agency that  
 803        has jurisdiction over the licensed premises in an off-duty or  
 804        secondary employment capacity for work within any designated slot  
 805        machine gaming area or in any restricted area that supports slot  
 806        machine operations that requires a slot machine occupational  
 807        license to enter. If approved by the employee's primary employing  
 808        agency, off-duty or secondary employment that is not prohibited  
 809        by this section may be permitted.

810        (5) An employee of the division or relative living in the  
 811        same household as such employee of the division may not wager at  
 812        any time on a slot machine located at a facility licensed by the

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813 | division.

814 |       (6) An occupational licensee or relative living in the same  
815 | household as such occupational licensee may not wager at any time  
816 | on a slot machine located at a facility where that person is  
817 | employed.

818 |       551.109 Prohibited acts; penalties.--

819 |       (1) Except as otherwise provided by law and in addition to  
820 | any other penalty, any person who knowingly makes or causes to be  
821 | made, or aids, assists, or procures another to make, a false  
822 | statement in any report, disclosure, application, or any other  
823 | document required under this chapter or any rule adopted under  
824 | this chapter is subject to an administrative fine or civil  
825 | penalty of up to \$10,000.

826 |       (2) Except as otherwise provided by law and in addition to  
827 | any other penalty, any person who possesses a slot machine  
828 | without the license required by this chapter or who possesses a  
829 | slot machine at any location other than at the slot machine  
830 | licensee's facility is subject to an administrative fine or civil  
831 | penalty of up to \$10,000 per machine.

832 |       (3) Any person who knowingly excludes, or takes any action  
833 | in an attempt to exclude, anything of value from the deposit,  
834 | counting, collection, or computation of revenues from slot  
835 | machine activity, or any person who by trick, sleight-of-hand  
836 | performance, a fraud or fraudulent scheme, or device wins or  
837 | attempts to win, for himself or herself or for another, money or  
838 | property or a combination thereof or reduces or attempts to  
839 | reduce a losing wager in connection with slot machine gaming  
840 | commits a felony of the third degree, punishable as provided in  
841 | s. 775.082, s. 775.083, or s. 775.084.

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842        (4) Any person who manipulates or attempts to manipulate  
 843 the outcome, payoff, or operation of a slot machine by physical  
 844 tampering or by use of any object, instrument, or device, whether  
 845 mechanical, electrical, magnetic, or involving other means,  
 846 commits a felony of the third degree, punishable as provided in  
 847 s. 775.082, s. 775.083, or s. 775.084.

848        (5) Theft of any slot machine proceeds or of property  
 849 belonging to the slot machine operator or licensed facility by an  
 850 employee of the operator or facility or by an employee of a  
 851 person, firm, or entity that has contracted to provide services  
 852 to the operator or facility constitutes a felony of the third  
 853 degree, punishable as provided in s. 775.082 or s. 775.083.

854        (6)(a) Any law enforcement officer or slot machine operator  
 855 who has probable cause to believe that a violation of subsection  
 856 (3), subsection (4), or subsection (5) has been committed by a  
 857 person and that the officer or operator can recover the lost  
 858 proceeds from such activity by taking the person into custody  
 859 may, for the purpose of attempting to effect such recovery or for  
 860 prosecution, take the person into custody on the premises and  
 861 detain the person in a reasonable manner and for a reasonable  
 862 period of time. If the operator takes the person into custody, a  
 863 law enforcement officer shall be called to the scene immediately.  
 864 The taking into custody and detention by a law enforcement  
 865 officer or slot machine operator, if done in compliance with this  
 866 subsection, does not render such law enforcement officer or slot  
 867 machine operator criminally or civilly liable for false arrest,  
 868 false imprisonment, or unlawful detention.

869        (b) Any law enforcement officer may arrest, either on or  
 870 off the premises and without warrant, any person if there is

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871 probable cause to believe that person has violated subsection  
872 (3), subsection (4), or subsection (5).

873 (c) Any person who resists the reasonable effort of a law  
874 enforcement officer or slot machine operator to recover the lost  
875 slot machine proceeds that the law enforcement officer or slot  
876 machine operator had probable cause to believe had been stolen  
877 from the licensed facility and who is subsequently found to be  
878 guilty of violating subsection (3), subsection (4), or subsection  
879 (5) commits a misdemeanor of the first degree, punishable as  
880 provided in s. 775.082 or s. 775.083, unless such person did not  
881 know or did not have reason to know that the person seeking to  
882 recover the lost proceeds was a law enforcement officer or slot  
883 machine operator.

884 (7) All penalties imposed and collected under this section  
885 must be deposited into the Pari-mutuel Wagering Trust Fund of the  
886 Department of Business and Professional Regulation.

887 551.111 Legal devices.--Notwithstanding any provision of  
888 law to the contrary, a slot machine manufactured, sold,  
889 distributed, possessed, or operated according to the provisions  
890 of this chapter is not unlawful.

891 551.112 Exclusions of certain persons.--In addition to the  
892 power to exclude certain persons from any facility of a slot  
893 machine licensee in this state, the division may exclude any  
894 person from any facility of a slot machine licensee in this state  
895 for conduct that would constitute, if the person were a licensee,  
896 a violation of this chapter or the rules of the division. The  
897 division may exclude from any facility of a slot machine licensee  
898 any person who has been ejected from a facility of a slot machine  
899 licensee in this state or who has been excluded from any facility



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of a slot machine licensee or gaming facility in another state by  
the governmental department, agency, commission, or authority  
exercising regulatory jurisdiction over the gaming in such other  
state. This section does not abrogate the common law right of a  
slot machine licensee to exclude a patron absolutely in this  
state.

551.113 Persons prohibited from playing slot machines.--

(1) A slot machine licensee or agent or employee of a slot  
machine licensee may not allow a person who has not attained 21  
years of age:

(a) To play any slot machine.

(b) To be employed in any position allowing or requiring  
access to the designated slot machine gaming area of a facility  
of a slot machine licensee.

(2) A person licensed under this chapter, or any agent or  
employee of a licensee under this chapter, may not knowingly  
allow a person who has not attained 21 years of age to play or  
operate a slot machine or have access to the designated slot  
machine area of a facility of a slot machine licensee.

(3) The licensed facility shall post clear and conspicuous  
signage within the designated slot machine gaming areas that  
states the following:

THE PLAYING OF SLOT MACHINES BY PERSONS UNDER THE AGE OF 21  
IS AGAINST FLORIDA LAW (SECTION 551.113, FLORIDA STATUTES).  
PROOF OF AGE MAY BE REQUIRED AT ANY TIME.

551.114 Slot machine gaming areas.--

(1) A slot machine licensee may make available for play up

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929 | to 1,000 slot machines within the property of the facilities of  
930 | the slot machine licensee.

931 |       (2) The slot machine licensee shall display pari-mutuel  
932 | races or games within the designated slot machine gaming areas  
933 | and offer patrons within the designated slot machine gaming areas  
934 | the ability to engage in pari-mutuel wagering on live,  
935 | intertrack, and simulcast races conducted or offered to patrons  
936 | of the licensed facility.

937 |       (3) The division shall require the posting of signs warning  
938 | of the risks and dangers of gambling, showing the odds of  
939 | winning, and informing patrons of the toll-free telephone number  
940 | available to provide information and referral services regarding  
941 | compulsive or problem gambling.

942 |       (4) Designated slot machine gaming areas may be located  
943 | within the current live gaming facility or in an existing  
944 | building that must be contiguous and connected to the live gaming  
945 | facility. If a designated slot machine gaming area is to be  
946 | located in a building that is to be constructed, that new  
947 | building must be contiguous and connected to the live gaming  
948 | facility.

949 |       (5) The permitholder shall provide adequate office space at  
950 | no cost to the division and the Department of Law Enforcement for  
951 | the oversight of slot machine operations. The division shall  
952 | adopt rules establishing the criteria for adequate space,  
953 | configuration, and location and needed electronic and  
954 | technological requirements for office space required by this  
955 | subsection.

956 |       551.116 Days and hours of operation.--Slot machine gaming  
957 | areas may be open daily throughout the year. The slot machine

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958 gaming areas may be open for a maximum of 16 hours per day.

959 551.117 Penalties.--The division may revoke or suspend any  
 960 slot machine license issued under this chapter upon the willful  
 961 violation by the slot machine licensee of any provision of this  
 962 chapter or of any rule adopted under this chapter. In lieu of  
 963 suspending or revoking a slot machine license, the division may  
 964 impose a civil penalty against the slot machine licensee for a  
 965 violation of this chapter or any rule adopted by the division.  
 966 Except as otherwise provided in this chapter, the penalty so  
 967 imposed may not exceed \$100,000 for each count or separate  
 968 offense. All penalties imposed and collected must be deposited  
 969 into the Pari-mutuel Wagering Trust Fund of the Department of  
 970 Business and Professional Regulation.

971 551.118 Compulsive or addictive gambling prevention  
 972 program.--

973 (1) The slot machine licensee shall offer training to  
 974 employees on responsible gaming and shall work with a compulsive  
 975 or addictive gambling prevention program to recognize problem  
 976 gaming situations and to implement responsible gaming programs  
 977 and practices.

978 (2) The division shall, subject to competitive bidding,  
 979 contract for provision of services related to the prevention of  
 980 compulsive and addictive gambling. The contract shall provide for  
 981 an advertising program to encourage responsible gaming practices  
 982 and to publicize a gambling telephone help line. Such  
 983 advertisements must be made both publicly and inside the  
 984 designated slot machine gaming areas of the licensee's  
 985 facilities. The terms of any contract for the provision of such  
 986 services shall include accountability standards that must be met

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by any private provider. The failure of any private provider to meet any material terms of the contract, including the accountability standards, shall constitute a breach of contract or grounds for nonrenewal. The division may consult with the Department of the Lottery in the development of the program and the development and analysis of any procurement for contractual services for the compulsive or addictive gambling prevention program.

(3) The compulsive or addictive gambling prevention program shall be funded from an annual nonrefundable regulatory fee of \$250,000 paid by the licensee to the division.

551.119 Caterer's license.--A slot machine licensee is entitled to a caterer's license pursuant to s. 565.02 on days on which the pari-mutuel facility is open to the public for slot machine game play as authorized by this chapter.

551.121 Prohibited activities and devices.--

(1) Complimentary or reduced-cost alcoholic beverages may not be served to persons playing a slot machine. Alcoholic beverages served to persons playing a slot machine shall cost at least the same amount as alcoholic beverages served to the general public at a bar within the facility.

(2) A slot machine licensee may not make any loan, provide credit, or advance cash in order to enable a person to play a slot machine. This subsection shall not prohibit automated ticket redemption machines that dispense cash resulting from the redemption of tickets from being located in the designated slot machine gaming area of the slot machine licensee.

(3) A slot machine licensee may not allow any automated teller machine or similar device designed to provide credit or

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1016   dispense cash to be located within the facilities of the slot  
1017   machine licensee.

1018       (4) A slot machine licensee may not accept or cash any  
1019   personal, third-party, corporate, business, or government-issued  
1020   check from any person.

1021       (5) A slot machine, or the computer operating system  
1022   linking the slot machine, may not be linked by any means to any  
1023   other slot machine or computer operating system of another slot  
1024   machine licensee. A progressive system may not be used in  
1025   conjunction with slot machines within or between licensed  
1026   facilities.

1027       (6) A slot machine located within a licensed facility shall  
1028   accept only tickets or paper currency or an electronic payment  
1029   system for wagering and return or deliver payouts to the player  
1030   in the form of tickets that may be exchanged for cash,  
1031   merchandise, or other items of value. The use of coins, credit or  
1032   debit cards, tokens, or similar objects is specifically  
1033   prohibited. However, an electronic credit system may be used for  
1034   receiving wagers and making payouts.

1035       551.122 Rulemaking.--The division may adopt rules pursuant  
1036   to ss. 120.536(1) and 120.54 to administer the provisions of this  
1037   chapter. The division may also adopt emergency rules pursuant to  
1038   s. 120.54.

1039       Section 2. Section 849.15, Florida Statutes, is amended to  
1040   read:

1041       849.15 Manufacture, sale, possession, etc., of coin-  
1042   operated devices prohibited.--

1043       (1) It is unlawful:

1044       (a)~~(1)~~ To manufacture, own, store, keep, possess, sell,

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rent, lease, let on shares, lend or give away, transport, or expose for sale or lease, or to offer to sell, rent, lease, let on shares, lend or give away, or permit the operation of, or for any person to permit to be placed, maintained, or used or kept in any room, space, or building owned, leased or occupied by the person or under the person's management or control, any slot machine or device or any part thereof; or

~~(b)(2)~~ To make or to permit to be made with any person any agreement with reference to any slot machine or device, pursuant to which the user thereof, as a result of any element of chance or other outcome unpredictable to him or her, may become entitled to receive any money, credit, allowance, or thing of value or additional chance or right to use such machine or device, or to receive any check, slug, token or memorandum entitling the holder to receive any money, credit, allowance or thing of value.

(2) Pursuant to section 2 of that chapter of the Congress of the United States entitled "An act to prohibit transportation of gaming devices in interstate and foreign commerce," approved January 2, 1951, being c. 1194, 64 Stat. 1134, and also designated as 15 U.S.C. ss. 1171-1177, the State of Florida, acting by and through the duly elected and qualified members of its Legislature, does hereby in this section, and in accordance with and in compliance with the provisions of section 2 of such chapter of Congress, declare and proclaim that any county of the State of Florida within which slot machine gaming is authorized pursuant to chapter 551 is exempt from the provisions of section 2 of that chapter of the Congress of the United States entitled "An act to prohibit transportation of gaming devices in interstate and foreign commerce," designated as 15 U.S.C. ss.

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1074 1171-1177, approved January 2, 1951. All shipments of gaming  
 1075 devices, including slot machines, into any county of this state  
 1076 within which slot machine gaming is authorized pursuant to  
 1077 chapter 551 and the registering, recording, and labeling of which  
 1078 have been duly performed by the manufacturer or distributor  
 1079 thereof in accordance with sections 3 and 4 of that chapter of  
 1080 the Congress of the United States entitled "An act to prohibit  
 1081 transportation of gaming devices in interstate and foreign  
 1082 commerce," approved January 2, 1951, being c. 1194, 64 Stat.  
 1083 1134, and also designated as 15 U.S.C. ss. 1171-1177, shall be  
 1084 deemed legal shipments thereof into any such county provided the  
 1085 destination of such shipments is an eligible facility as defined  
 1086 s. 551.102.

1087       Section 3. Subsections (1) and (2) of section 895.02,  
 1088 Florida Statutes, are amended to read:

1089       895.02 Definitions.--As used in ss. 895.01-895.08, the  
 1090 term:

1091       (1) "Racketeering activity" means to commit, to attempt to  
 1092 commit, to conspire to commit, or to solicit, coerce, or  
 1093 intimidate another person to commit:

1094       (a) Any crime which is chargeable by indictment or  
 1095 information under the following provisions of the Florida  
 1096 Statutes:

1097       1. Section 210.18, relating to evasion of payment of  
 1098 cigarette taxes.

1099       2. Section 403.727(3)(b), relating to environmental  
 1100 control.

1101       3. Section 409.920 or s. 409.9201, relating to Medicaid  
 1102 fraud.

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- 1103           4.   Section 414.39, relating to public assistance fraud.
- 1104           5.   Section 440.105 or s. 440.106, relating to workers'
- 1105   compensation.
- 1106           6.   Section 443.071(4), relating to creation of a fictitious
- 1107   employer scheme to commit unemployment compensation fraud.
- 1108           7.   Section 465.0161, relating to distribution of medicinal
- 1109   drugs without a permit as an Internet pharmacy.
- 1110           8.   Sections 499.0051, 499.0052, 499.00535, 499.00545, and
- 1111   499.0691, relating to crimes involving contraband and adulterated
- 1112   drugs.
- 1113           9.   Part IV of chapter 501, relating to telemarketing.
- 1114           10.   Chapter 517, relating to sale of securities and
- 1115   investor protection.
- 1116           11.   Section 550.235, s. 550.3551, or s. 550.3605, relating
- 1117   to dogracing and horseracing.
- 1118           12.   Chapter 550, relating to jai alai frontons.
- 1119           13.   Section 551.109, relating to slot machine gaming.
- 1120           ~~14.13.~~ Chapter 552, relating to the manufacture,
- 1121   distribution, and use of explosives.
- 1122           ~~15.14.~~ Chapter 560, relating to money transmitters, if the
- 1123   violation is punishable as a felony.
- 1124           ~~16.15.~~ Chapter 562, relating to beverage law enforcement.
- 1125           ~~17.16.~~ Section 624.401, relating to transacting insurance
- 1126   without a certificate of authority, s. 624.437(4)(c)1., relating
- 1127   to operating an unauthorized multiple-employer welfare
- 1128   arrangement, or s. 626.902(1)(b), relating to representing or
- 1129   aiding an unauthorized insurer.
- 1130           ~~18.17.~~ Section 655.50, relating to reports of currency
- 1131   transactions, when such violation is punishable as a felony.



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1132	<del>19.18.</del> Chapter 687, relating to interest and usurious	
1133	practices.	
1134	<del>20.19.</del> Section 721.08, s. 721.09, or s. 721.13, relating to	
1135	real estate timeshare plans.	
1136	<del>21.20.</del> Chapter 782, relating to homicide.	
1137	<del>22.21.</del> Chapter 784, relating to assault and battery.	
1138	<del>23.22.</del> Chapter 787, relating to kidnapping.	
1139	<del>24.23.</del> Chapter 790, relating to weapons and firearms.	
1140	<del>25.24.</del> Section 796.03, s. 796.035, s. 796.04, s. 796.045,	
1141	s. 796.05, or s. 796.07, relating to prostitution and sex	
1142	trafficking.	
1143	<del>26.25.</del> Chapter 806, relating to arson.	
1144	<del>27.26.</del> Section 810.02(2)(c), relating to specified burglary	
1145	of a dwelling or structure.	
1146	<del>28.27.</del> Chapter 812, relating to theft, robbery, and related	
1147	crimes.	
1148	<del>29.28.</del> Chapter 815, relating to computer-related crimes.	
1149	<del>30.29.</del> Chapter 817, relating to fraudulent practices, false	
1150	pretenses, fraud generally, and credit card crimes.	
1151	<del>31.30.</del> Chapter 825, relating to abuse, neglect, or	
1152	exploitation of an elderly person or disabled adult.	
1153	<del>32.31.</del> Section 827.071, relating to commercial sexual	
1154	exploitation of children.	
1155	<del>33.32.</del> Chapter 831, relating to forgery and counterfeiting.	
1156	<del>34.33.</del> Chapter 832, relating to issuance of worthless	
1157	checks and drafts.	
1158	<del>35.34.</del> Section 836.05, relating to extortion.	
1159	<del>36.35.</del> Chapter 837, relating to perjury.	
1160	<del>37.36.</del> Chapter 838, relating to bribery and misuse of	

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1161 public office.

1162       ~~38.37.~~ Chapter 843, relating to obstruction of justice.

1163       ~~39.38.~~ Section 847.011, s. 847.012, s. 847.013, s. 847.06,

1164 or s. 847.07, relating to obscene literature and profanity.

1165       ~~40.39.~~ Section 849.09, s. 849.14, s. 849.15, s. 849.23, or

1166 s. 849.25, relating to gambling.

1167       ~~41.40.~~ Chapter 874, relating to criminal street gangs.

1168       ~~42.41.~~ Chapter 893, relating to drug abuse prevention and

1169 control.

1170       ~~43.42.~~ Chapter 896, relating to offenses related to

1171 financial transactions.

1172       ~~44.43.~~ Sections 914.22 and 914.23, relating to tampering

1173 with a witness, victim, or informant, and retaliation against a

1174 witness, victim, or informant.

1175       ~~45.44.~~ Sections 918.12 and 918.13, relating to tampering

1176 with jurors and evidence.

1177       (b) Any conduct defined as "racketeering activity" under 18

1178 U.S.C. s. 1961(1).

1179       (2) "Unlawful debt" means any money or other thing of value

1180 constituting principal or interest of a debt that is legally

1181 unenforceable in this state in whole or in part because the debt

1182 was incurred or contracted:

1183       (a) In violation of any one of the following provisions of

1184 law:

1185           1. Section 550.235, s. 550.3551, or s. 550.3605, relating

1186 to dogracing and horseracing.

1187           2. Chapter 550, relating to jai alai frontons.

1188           3. Section 551.109, relating to slot machine gaming.

1189       ~~4.3.~~ Chapter 687, relating to interest and usury.

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1190        ~~5.4.~~ Section 849.09, s. 849.14, s. 849.15, s. 849.23, or s.  
1191        849.25, relating to gambling.

1192        (b) In gambling activity in violation of federal law or in  
1193        the business of lending money at a rate usurious under state or  
1194        federal law.

1195        Section 4. The Legislature finds and declares that it has  
1196        exclusive authority over the conduct of all wagering occurring at  
1197        a slot machine facility in this state. As provided by law, only  
1198        the Division of Pari-mutuel Wagering and other authorized state  
1199        agencies shall administer chapter 551, Florida Statutes, and  
1200        regulate the slot machine gaming industry, including operation of  
1201        slot machine facilities, games, slot machines, and facilities-  
1202        based computer systems authorized in chapter 551, Florida  
1203        Statutes, and the rules adopted by the division.

1204        Section 5. (1) XXX full-time equivalent positions are  
1205        authorized, and the sums of \$XXX in recurring funds and \$XXX in  
1206        nonrecurring funds are appropriated for fiscal year 2005-2006  
1207        from the Pari-mutuel Wagering Trust Fund of the Department of  
1208        Business and Professional Regulation, for the purpose of carrying  
1209        out all regulatory activities provided in this act. The Executive  
1210        Office of the Governor shall place these funds and positions in  
1211        reserve until such time as the Department of Business and  
1212        Professional Regulation submits an expenditure plan for approval  
1213        to the Executive Office of the Governor and the chair and vice  
1214        chair of the Legislative Budget Commission in accordance with the  
1215        provisions of s. 216.177, Florida Statutes.

1216        (2) The sums of \$XXX in recurring funds and \$XXX in  
1217        nonrecurring funds are appropriated for fiscal year 2005-2006  
1218        from the Pari-mutuel Wagering Trust Fund of the Department of

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1219 Business and Professional Regulation for transfer to the  
 1220 Department of Law Enforcement for the purpose of investigations,  
 1221 intelligence gathering, background investigations, and any other  
 1222 responsibilities as provided for in this act. XXX full-time  
 1223 equivalent positions are authorized, and the sums of \$XXX in  
 1224 recurring funds and \$XXX in nonrecurring funds are hereby  
 1225 appropriated from the Operating Trust Fund of the Department of  
 1226 Law Enforcement, for the purpose of investigations, intelligence  
 1227 gathering, background investigations, and any other  
 1228 responsibilities as provided for in this act. The Executive  
 1229 Office of the Governor shall place these funds and positions in  
 1230 reserve until such time as the Department of Law Enforcement  
 1231 submits an expenditure plan for approval to the Executive Office  
 1232 of the Governor and the chair and vice chair of the Legislative  
 1233 Budget Commission in accordance with the provisions of s.  
 1234 216.177, Florida Statutes.

1235 (3) The sum of \$XXX million is appropriated for fiscal year  
 1236 2005-2006 from the Pari-mutuel Wagering Trust Fund of the  
 1237 Department of Business and Professional Regulation from revenues  
 1238 received pursuant to s. 551.106, Florida Statutes, for contract  
 1239 services related to the prevention of compulsive and addictive  
 1240 gambling.

1241 Section 6. Paragraph (v) is added to subsection (1) of  
 1242 section 215.22, Florida Statutes, to read:

1243 215.22 Certain income and certain trust funds exempt.--

1244 (1) The following income of a revenue nature or the  
 1245 following trust funds shall be exempt from the appropriation  
 1246 required by s. 215.20(1):

1247 (v) Taxes imposed on slot machine revenues pursuant to s.

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1248 | 551.106(2).

1249 |       Section 7.   This act shall take effect upon becoming a law.